UK Government plans major health service shake-up

tion for a health service run by

accountants which would put a

healthy balance sheet before

Many of the proposed changes continue the Govern-

ment's policy of trying to

improve the managerial effi-ciency of the NHS, Europe's biggest civilian employer with im staff.

But a number of the propos-als are likely to herald changes which will directly affect patients. These include plans for regional health authorities

to buy and sell services across

healthy patients.

Awesome power of the fringe right

Page 20

No.30,758

Wednesday February 1 1989

scious of potential political pit-falls involved in tampering with the NHS, tempered his

claim that the reforms were

the most substantial in the ser-

"a change of pace rather than any fundamental change of direction."

The policy document pro-voked expressions of severe reservation from the medical

profession and patients' organi-

sations, while in the Commons

Mr Robin Cook, the opposition Labour Party's health spokes-man, attacked it as a prescrip-

plans to take over Triangle

since Pechiney is a state-owned

D 8523A

### World News

### Rebeis report Doutscho Soviet attack as US staff to raise leave Kabul

Moslem guerrillas claimed that Soviet forces fired four long-range missiles into Afghan villages along the Red Army's main withdrawal route, killing 70 people. The reported attack came as 11 US diplomats and support staff left the capital of Kabul, formally ending the US govern-ment presence in Afghanistan Bhuito power struggle over Afghan policy, Page 20

West Bank clashes

Some 27 Palestinians were reported shot and wounded in the West Bank and Gaza Strip as Israeli soldiers clashed with youths throwing stones and a general strike shut down the occupied territories. Israel's budget, Palestinian state, Page 4

US aircraft crash A US Air Force refuelling aircraft crashed on takeoff from a Texas base, killing at least 16 of with 19 crew aboard.

Hijackers seized A plane hijacker who doused a fellow passenger with petrol and threatened to set a Colom-bian aircraft ablaze was

arrested with four accomplices

at Costa Rica's main airport. Ortoga cuts budget Nicaraguan President Daniel Oriega announced plans to cut the budget by nearly half, lay off 35,000 troops and public employees and halt subsidies

try's economic woes. Page 6 S Korea unrest Dozens of radical students, shouting "Yankee go home," hurled firebombs at a US cultural centre in the South Kor-

in an effort to end the coun-

### Nuclear pact

ean city of Kwangitt.

Pakistan's Government is pro-posing a swap that would send US-made nuclear reactors to their country in exchange for refeguards that their miclear programme is used for peaceful purposes. Intelligence strug-

### Greek scandal

The Greek Government was embroiled in a new scandal over accusations that it inflated the price paid for 40 French warplanes and corrupt officials pocketed the difference. Page 3

Gandhi faces revolt Indian Prime Minister Rativ Gandhi, having lost southern

India to the opposition, now faces a revolt within his Congress (I) Party in its electorally crucial bastion in the north. Sharansky envoy

Former Soviet dissident Natan Sharansky, freed by Moscow in a prisoner exchange, has been proposed as Israeli ambassador to the United Nations. Sharansky is an outspoken critic of Soviet human rights abuses. Page 4

Hungary-Israel ties Hungary plans to restore full diplomatic relations with Israel by the middle of this year. Hungary and all other Warsaw Pact countries except Romania severed ties with Israel after the 1967 Six-Day War.

Greenpeace collision A Greenpeace ship and a Japa-nese whating vessel collided in the Southern Ocean near Antarctica as the environmental group tried to prevent a supernesse factory ship from loading harpooned whales.

New York close \$1.75275 (1.7825)

Lopicion; \$1.7505 (1,7625)

DM3.2875 (3.2750)

SF:23000 (2,7825)

DN11.87205 (1.85975)

FF38.3750 (8.3240)

New York Intest

Y228.50 (226.0)

DOLLAR

ersi Funds 91, % Y130.25 (129.325)

\$milt Treesury Bits DM1.8785 (1.8585)
Yeld: 8.87% (8.56) FF:6.3850 (6.3200)
Light Bond: 1012 SFr1.800 (1.5780)
Y130.50 (129.30)
Y130.50 (129.30)

Comex April (123) - 3395.5 (199.2)

MARKETS

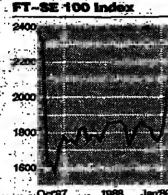
W.Commany

FAZ Aktion Index

Oct 88 - dans

NTHEST PARTS

DEUTSCHE BANK, West Germany's biggest commercial bank, is to seek DML28hn (9685m) in new funds from its shareholders in a one-for-15 debte term wiced at DMASO rights issue priced at DM450 a share. Page 21, Lex Page 20 at 2,051.8 after moving between



2,069.4 and 2,044.2. It lost earlier ground as Wall Street opened lower. Page 33

manufacturer owned jointly

controversial tax incentives for low-pollution cars which it suspects break EC rules.

BMW, West German motor group, saw a sharp accelera-tion in business, with a 28 per cent increase in group turn-over to DM24.5bn (\$13.2bn); the fastest rate of sales. increase since the mid-1970s.

SKANDIA, Sweden's leading insurance group, reported a 15 per cent drop in operating profits for 1988 due to lower capital gains on its investment

COCA-COLA, soft drinks company, said not earnings for the year had climbed 14 per cent to \$1.04bn, pushing the com-pany's run of unbroken growth to 14 years. Page 28

ALLIED SIGNAL, US aerocals conglomerate, reported net income of \$104m in the fourth quarter. Page 23

French power generating anthority, reported a loss of FFrl.8hn (\$282.1m) last year, which it blamed in part on warm weather, a price freeze and strikes at power stations.

JAPAN'S Cabinet adopted goverument guidelines clarifying a new law against insider trad-ing. The new guidelines take effect on April 1.

largest company, shareholder approved board plans to buy back 790m shares, or 12 per cent, of the company built up

AUSTRALIA'S federal Treasure, Paul Keating, rejected calls by further policy change following figures which showing figures 7.7 per cent

CONSOLIDATED Metallurgical Industries South African fer-rochrosse insper, lifted sales and profits in the six months to December at demand and prices grew strongly. Page 25

## Business Summary.

# **Bank seeks DM** 1.28bn

UK EQUITY market continued its upward climb, its minth gain in the past ten days. The FT-SE index closed 8.9 higher

HONEYWELL BULL computer manufacturer owned jointy by Groupe Bull of France, Honeywell of the US and NEC of Japan, is to be renamed Bull HN Information Systems, marking the disappearance of one of the oldest names in the industry. Page 20

**EUEOPEAN Commission said** it would order the Dutch Government not to go ahead with

ELECTRICITE de France.

STOCK INDICES

New York dose Dow Jones ad. Av.

2,342.32 (+11,21)

297.47 (+2.49)

2,051.8 (+8.9)

31,581.30 (+13.80)

Brent 15-day (Argus) \$16.30 (-0.45) (Feb)

West Tex Crude \$17.125 (-0.45) (March)

SAP Comp

FT-SE 100

World: 144,36 (Mon)

Tokyo

Franklert

Commerzbank

1002.2 (-15.4)



By Alan Pike in London

BRITAIN's Conservative

Government yesterday unveiled draft laws for the country's 40-year old National Health Service which it called "the most fundamental pro-

gramme of reform in the history of the NHS."

Mr Kenneth Clarke, Health Secretary, presented to the House of Commons a package designed to improve health service efficiency and devolve decision methods and choice to

decision-making and choice to individual hospital doctors and

However, Mr Clarke, con-

..... Oct 87 ..... 1988 Jan 89

portfolio. Page 22

MOUNTLEIGH, UK property trading group, said half-year profits fell to £24.7m against £35.42m in the same period in 1967. However, it is maintaining its interim dividend.

Page 29; Lex, Page 20 space, automotive and chemi-

BRITISH PETROLEUM, UK'S

last year, Page 4

company.

Opposition politicians have also linked the Pechiney case with the controversy surrounding the recent attempt by Mr Georges Pebereau, the French financier, to build a commanding state in Société Cénérale. ing stake in Société Générale, the privatised bank.

yesterday by the Government into the Pechiney-Triangle share dealing scandal. The report, handed to the public prosecutor's office, finds strong circumstantial evidence that purchases of Triangle In this case as well, the Finance Ministry is known to shares shortly before it was bought by Pechiney were in breach of France's insider tradhave been informed and, according to some reports, actively to have encouraged Mr Peberean with the aim of unravelling the shareholding alliance assembled by the previous Gaullist government at the time of the bank's privatisation ing laws. It names six French buyers and casts doubt on the credibility of the explanations given by some of them for their decisions to buy.

However the report says the investigation failed to produce decisive evidence which would The Council of Ministers yes-terday approved draft legisla-tion directed at this and simiidentify the sources of the The commission's finding lar alliances in other privatised will give further impetus to a scandal which is proving sericompanies. The proposed bill would release these bard core" shareholders from their ously embarrassing for the Government and has already obligation not to sell their provoked the resignation of Mr Alain Boubill, a senior adviser to Mr Pierre Beregovoy, the stakes for five years without the approval of the company's board. Instead, it would require

> investor to pass 10 per cent in any of the privatised companies before 1993.

Operations de Bourse (COB), said yesterday that it had not yet decided whether to launch a formal investigation into possible insider trading in Société Générale shares. "This does not mean that we are not concerned by this question," he said.

The six French buyers named in the COB report include Mr Roger Patrice Pelat, a close and longstanding friend of President Francois Mitter-rand. This link to the Elysée Palace has been used by the opposition to fuel its charges of government corruption.

However, the report does not question Mr Pelat's explanation that he was advised to buy the Triangle shares by Mr Max Theret, a friend whose private finance company, Compagnie Parisienne de Placements, made a profit of FFr8.84m (\$1.4m) on the 32,300 Triangle shares it bought in the week before the Pechiney takeover was announced.

By contrast, Mr Theret's evidence is questioned by the COB report. It describes CPP's purchases as "eminently suspicious" and says that only the possession of privileged information can explain its orders.

### fly informed of Pechiney's the Commission des Details, Page 2 MB Group rejects Elders bid for packaging unit

government approval for any

By Maggle Urry in London

Finance Minister.

The scandal has been given a

political dimension by the Gov-ernment's critics, because the

MB GROUP, which is currently trying to merge its packaging interests with those of Carnand a leading French company, yesterday rejected a pos-sible £780m (\$1.40n) cash bid for those packaging interests from Elders Investments, part of Elders IXL, the Australian brewing group, and some

unnamed partners. MB agreed to merge the business with Carnaud's last October and is seeking shareholders' approval for the deal at a meeting on February 24.

The news came after the stock market closed last night. MB's shares were unchanged at 280p yesterday, valuing the group as a whole at £932m. Separately, yesterday, several former directors of MB.

whose interests also include cheque printing, central heating and bathroom products, wrote to major shareholders expressing concern about the proposed packaging merger.

MB said it had received a letter yesterday from Elders investments, which has a 5.6 per cent shareholding in MB, suggesting that MB's board shareholding in MB.

should recommend the £780m cash offer for the packaging interests to shareholders and asking for a meeting. . Mr Murray Stuart, chief executive of MB, wrote back to Elders Investments saying there was no point in meeting

proposals. He said the Carnaud merger was "manifestly in the best interests of all shareholders of MB Group."
Mr Stuart said the £780m

you" on the basis of the outline

offer was below the value to MB of the agreement with Car-naud, which is a combination of cash and shares. The merger with Carnand is worth about \$830m and would allow MB to retain a degree of control through a 25.5 per cent shareholding and a shareholders'

Elders Investments was unable to comment last night, saying only that a statement would be made as soon as pos-

Mr Elliott, chairman of Elders IXL, sald last Friday that he would not bid for MB as a whole but would put forward other propos

The issue is likely to be raised today at a meeting of MB's warrant holders. Elders Investments holds just over 25 per cent of the warrants, enough to block pro-posals being put to this class of bolder as part of the Carnaud

Barings, MB's merchant bank advisers, believe the approval of the warrant holders is not a necessary condition of the merger.

The letter from some of MB's former directors criticises the

deal on the grounds that, among other things, the merged packaging business, to be called CMB Packaging, would fall under French con-

It argues that a Carnaud representative would have the casting vote on the board, that French people would have a majority of the shares and that "the European packaging industry would be centred in

Mr Brian Smith, chairman of MB, said the "comments, although sincere, are sadly insular, and with no relevance to future market requirements." He has maintained the merger is necessary to meet the requirements of pan-European customers, particularly in the run-up to the single Euro-pean market in 1932. CMB will be based in Brussels. Mr Smith added, "the com-pany has learnt from its mis-

takes in the late 1970s, which led to the retrenchment of the early 1980s, that it must anticlpate trends rather than react too late to events."

Some of the former directors who signed the letter were on the board during the 1970s. In 1980-81, MB's UK businesses were barely breaking even and a period of substantial restructuring followed, involving some 25,000 redundancies Lex. Page 20

### CONTENTS

Keating's dream run turns into a nightmare



World Trade

Paul Keating's dream of taking over the leadership of Australia's ruling Labor Party after a giorious run as Federal Treasurer has turned into a nightmare as the economy has turned sour.

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india's telephones: High-technology guru takes on the multinationals US-Japan relations: Tokyo looks for a partnership of equals ... World Trade: Stereo booster for a Filipino exporter. Technology: The long-distance approach to employment problems Melitorial comments UK health service; Kohl's Post-revolution frame Problems that will not

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### Gold Fields prompts De Beers inquiry

doctors to hold budgets from which they can purchase hos-

pital care for their patients.
The proposals include arrangements to allow money

to travel with patients to

whichever hospitals are best

able to meet their needs.

These and other arrangements set out in the policy doc-

ument will be in place by 1991

if and when the policy passes

Health authorities will be free to buy and sell services to each other and the private sec-

By Kenneth Gooding, Mining Correspondent, In London

CONSOLIDATED Gold Fields, the diversified UK mining company, appeared yesterday to have scored another politi-cal point in its bitter corporate battle with Minorco, the Lux-embourg-based investment arm of Mr Harry Oppenheimer's Angio American Corporation-De Beers group of South

Britain's Office of Fair Trad-ing said it had started an inquiry to determine whether the activities of De Beers' Central Selling Organisation, which from its London base accounts for more than 80 per cent of worldwide trade in rough (unent) diamonds, should be referred to the Monopolies and Mergers Com-

It had been prompted by a complaint from Gold Fields, it said.

Minorco's £2.9bn (\$5bn) bid for Gold Fields automatically lapsed when it was referred to the Monopolies and Mergers Commission in November, Gold Fields said yesterday that when it was preparing its case for the Commission, "it occured to us that the De Beers' cartel might be illegal in this country. It also occured to us to ask the question: Why government dep

ment taken any action?" The OFT said the inquiry was still in its very early stages and it would be some weeks before any decision would be made. "A monopoly or cartel is not necessarily a bad thing," it said. "It depends whether it is being used against the public interest."

The CSO said: "We are a successful webicle for rough discessful vehicle for rough dia-mond distribution and if we

could not satisfy producers

Continued on Page 20

self-governing and opt out of the control of their health antbority. NHS Hospital Trusts, as they would be known, will be free to run their own affairs, borrow money and negotiste their own pay scales. Practices of family doctors with more than 11,000 patients, donble the national average. donble the national average, will be encouraged to hold NHS policy document, Page 8; Editorial comment, Page 18 Continued on Page 20 World Bank and

policy on debt

The larger UK hospitals will

be encouraged to become

SIMMERING rivalry between the International Monetary Fund and the World Bank over their roles in tackling the Third World debt crisis has come to the boil in recent communications between the mul-

tilateral agencies.

The IMF, with the support of some members of the Group of Ten (G10) leading industrial countries is insisting that it, not the Bank, should have primary responsibility for moni-toring the macro-economic con-ditions attached to loans to Third World debtors. Traditionally the Fund has had primary responsibility for monitoring the exchange rate, tax and fiscal policies of borrowers, for example.

G10 countries have argued that disagreement over the macroeconomic conditions attached to loans, when both institu-tions are lending to the same country, should ultimately be resolved in favour of the IMF. In recent years the Bank has steadily increased the propor-tion of its lending designed to help debtor nations finance

their balance of payments

Some officials representing

At the same time the Fund has begun to put together finclosely resemble the longer term economic policy based loans which the World Bank has begun to offer. As a result of this convergence it has become increasingly difficult for the two institutions to define their separate roles in

developing countries.

The IMF has expressed concern about the danger that countries may get conflicting advice from the two institutions. It has raised the ques-tion of whether in principle

# IMF clash over

By Stewart Fleming in Washington

they should be seen as working in parallel, and to some extent therefore duplicating each other's roles, or whether the roles should be complementary - the option which it

The debate has intensified in recent weeks as creditor countries have begun to discuss the need for a renewed effort to tackle the debt problem. Presi-dent George Bush has announced that the US Treasury is conducting a review of the Third World debt strategy and US officials say that as part of this review the US is examining the roles the IMF and World Bank play. A monetary official in Wash-

ington said yesterday the question of the role of the IMF and the Bank was not on the for-mal agenda for this week's meeting of Finance Ministers from the Group of Seven (G7) industrial countries which begins in Washington today, but be did not rule out it being would be raised.

Another factor which has brought the issue to the fore is a widespread perception that the World Bank moved too aggressively in putting together a lending package for Argentina in October last year perore r elections, which is now shared by the US.

Some developing countries feel the debate reflects continuing confusion among creditor governments over how to tackle the debt problem. Officials argue it is important that both institutions play an active role in helping developing countries tackle their economic problems and a dialogue between the IMF and the World Bank contributes to this

# **THEIR** INSIDER'S GUIDE EUROPE

With 94 destinations, Air France flies to more places in Europe than any other airline. Now that's a tip no business traveller should ignore.

ABERDEEN' LONDON-HEATHROW LONDON-AJACCIO ALICANTE AMSTERDAM ST.ANSTED ANKARA ATHENS LUXEMBOURG BARCELONA LYON MADRID BASTIA BELFAST BELGRADE MALAGA MANCHESTER MARSEILLE BERLIN MILAN MONTPELLIER BIRVINGHAM MOSCON MUNICH NANTES NAPLES BRISTOL BRUSSELS BUCHAREST NEWCASTLE NICE NUREMBERG BLD-FEST COPENHAGEN PALMA PARIS C.D.G. PARIS ORLY PRAGUE SALONIKA SALZBURG

DUSSELDORF EINDHOLEN FLORENCE FRANKFURT GOTHENBURG HAMBURG HANOLER ISTANBL L IZMIR JERSEY KIEV LARNACA LENINGRAD LILLE LINZ LISBON

LONDON-

CITY-AIRPORT

SEVILLE SHANNON STAVANGER STR-ISBOURG STUTTGART TULLUUSE LALENCIA ENICE IERONA 37ENNA BARSAW ZAGREB ZURICH

THE FINE ART **M**OF FLYING

# W German group sold nuclear material to India

By David Goodhart in Bonn

THE WEST GERMAN chemical company Degussa has admit-ted exporting beryllium, a metal used for both civilian and military nuclear purposes, to India. Degussa says that the exports (in 1984) had the appro-

priate government licences.
The industry magazine
Nucleonics Week claimed that
at least one batch of beryllium was of US origin and therefore

was of us origin and therefore should not have been re-exported without the consent of US officials.

The fact that potential "dual-use" materials were exported with government permission was seen by some mission was seen by some observers as highlighting fur-ther the inadequacies of the the country's export control system already under attack concerning West German exports to the suspected Lin-yan chemical weapons plant.

Further details of West German involvement with the plant continue to dribble out. Mr Karlheinz von den Driesch. the main Finance Ministry spokesman said yesterday that Salzgitter, the state-owned group, had known since Febru-ary 1985 that Libya was buildng a chemical plant at Rabta. Internal investigations at Salzgitter had uncovered a letter dated 1985 from imhausen-Chemie, the chemical company currently under investigation, giving some details of the

Also, the customs anthorities Also, the customs anthormes in Baden-Württemberg alleged yesterday that several unnamed companies in their district had been illegally exporting arms or high-tech products to the East bloc or areas of military tension. areas of military tension including the Middle East.

The state prosecutor in Munich said he was opening investigations into Globesat to check allegations about the the delivery of electrical equip-ment to Libya in breach of the export control laws.

Mr Josef Kühn, of the Lower

Saxony concern Plato-Kühn, confirmed yesterday that his company had delivered mush-room poison to Iraq. Sigma Chemie has also admitted that it shipped materials to Iraq that could be used to make hio-

A West German, a Dutch-man and an American have been arrested in the US in connection with the export of chemicals used in making mustard gas to Iraq and Iran, according to the prosecuting authorities in Baltimore.

### Rome defends tax break for Ferruzzi-Montedison

By Alan Friedman in Milan

THE ITALIAN Government has written to Sir Leon Brittan, the European Competition Commissioner, defending special draft legislation which would allow the Ferruzzi-Montedison group to defer payment of L1,125hn (2469m) of capital gains taxes. Were it not for the draft leg-

islation, the group would have to pay tax on L3,000bn of book value capital gains to be reaped by Montedison by its transfer of assets to a new joint

venture company,
The tax break, contained in a draft bill announced last
November by the office of Mr
Ciriaco De Mita, the Prime
Minister, was demanded by the

thus not violate Artic
the Treaty of Rome re
competition practices
European Community.

head of the group, Mr Raul Gardini, as an essential condition for his agreement to go ahead with the formation of Enimont, a joint venture chemicals company which will pool the state-owned Enichem with most of the husinesses of Mon-

The letter, sent on January 25 hy Mr Gluseppe Ammassari, director-general of Italy's Industry Ministry, claims that the legislation does not distort the European chemicals mar-ket or offer Enimont any unfair advantage and would thus not violate Article 92 of the Treaty of Rome regarding competition practices in the

# Serbian assault on federal party chief fails

By Judy Dempsey in Belgrade

SERBIA'S POWERFUL party boss, Mr Slobodan Milosevic, suffered a temporary setback yesterday evening after the Yugoslav federal party leader-ship rallied behind its head, Mr Stipe Suvar. The politburo rejected calls by party leaders in the northern province of Vojvodina, staunch supporters of Mr Milosevic, for the immediate removal of Mr Suvar.

However, the Serbian camp was expected to maintain pres-sure on the national party leader, who is a Croat. Today the committee is expected to consider whether the ruling

Norway hit

by surge

in jobless

By Karen Fossii in Oslo

NORWAY'S minority Labour

Government is planning mea-sures next month to combat

unemployment after a sudden rise in the number out of work to the highest level since the

1980s, Mrs Gro Harlem Brund-tland, the Prime Minister, said

Figures released yesterday put unemployment at 86,622

- about 4 per cent of the labour force and donhie the level of a year ago. The figures shocked Norway's union lead-

ers who had been given earlier estimates of 66,000.

Mrs Brundtland came under

heavy fire from opposition

leaders for her economic pol-icy since 1986. She has sought to restructure Norway's oil-

driven economy, which suf-fered after crude oil prices

nose-dived two years ago. Nor-way's petroleum revenne

accounts for about 10 per cent of GNP and 25 per cent of exports. Although this is an election year, the unemploy-

ment issue is not expected to harm Labour as there is even

less confidence in the ability of other parties to deal with the problem.

Mr Kjell Borgen, the Minister of Labour, said unemployment could rise to 100,000 by

March. In the remote area of Finnmark, which borders the

Soviet Union and relies mainly

on income from fishing, the

figure was the highest at 6.7 per cent due to a fall off in this

Communists should hold an to collapse.

The plenum, called ostensions of the plenum, called ostensions. extraordinary party congress, or merely bring forward the "regular" congress due early next year.

next year.

An extraordinary congress would be to the advantage of Mr Milosevic because procedural rules would allow Serbia a larger share of the delegates than at a regular congress. Last night's decision followed a day of heated discus-sions which degenerated into bickering and personal attacks, amid a fresh warning by the armed forces that they would not allow the federal structures

By George Graham in Paris

Commission

THE Commission des Operations de Bourse (COB), the French stock exchange reg-ulator, found "serious, precise and concordant presumptions of the existence of insider trad-

ing" in its investigation of dealings in the shares of Trian-gle Industries shortly before it was bought by Pechiney, the French state-owned aluminium

company,
Mr Jean-Pierre Michau, head

of the COB's inspection service, concluded that several

people released inside informa-tion, thus allowing improper dealing to take place, but he

was unable to identify the sources of the leaks. He noted that some of those involved in

the Pechiney-Triangle negotiations were friends of or belonged to the same club as some of those who bought

shares.
The report, made public yesterday by the French Finance
Ministry, details the purchases

shares made hy

of Triangle shares made by French citizens or through

French brokers in the week

before Pechiney announced the purchase of Triangle on November 21 at \$56 a share.

During this week, 228,770 Triangle shares were traded on New York's Nasdaq market at prices between \$8.50 and \$11. In

previous months, transactions had averaged between 5,000

and 10,000 shares a day, at

Six French purchasers are

identified by the report:
• Compagnie Parisienne de

prices between \$8 and \$13.

hly to discuss the grave eco-nomic and political crisis, heard a direct attack from a Croatian delegate on both Mr Suvar and Mr Milosevic. Mr Suvar, an ideologue who is seen as cautious on eco-

nomic reform, has in recent weeks been engaged in a bitter power struggle with Mr Milosevic, who combines support for economic reform with stri-

dent Serbian nationalism.
Yesterday's assault on the
leadership was launched by Mr.
Ivo Druzic, a former member of

Paris tennis club among links noted in

report on Pechiney insider dealing racket

the party presidency in Croa-tia. He accused Mr Suvar of cowardice for not pushing through economic reforms and accused Mr Milosevic of mani-

pulating the media to promote his nationalist goals.

"I'm sick and tired of sitting in a cart which is running into an ahyss," said Mr Druzic, turning to both party leaders.

"A lot depends on you two," he continued, adding that "the people need to eat."

Admiral Stane Brovet, the

Admiral Stane Brovet, the deputy defence minister, speaking for the armed forces, attacked the politicians of Slov-

enia, whose liberal politicians have long been at odds with Yugoslavia's generals, for allowing too much "anti-social-

He also censured Serbian leaders for encouraging the nationalist street demonstrations which have in recant months toppled local leaders in Voivodina and Montenegro.

The army is in a very delicate position . . . We do not recommend the recommendation of the serbian streets are not because the service of the service of

support narrow republican interests," he warned. "The elementary order which must exist in every state is being threatened," he added.

a correlation appears between the development and direction

Over a quarter of the report, however, is devoted to the pur-chases by Mr Theret's com-

Definitely, CPP's orders are eminently suspect. CPP acted substantially and hurriedly.

with no market or financial knowledge of the company con-cerned, although it claimed

cerned, although it claimed that it wanted to invest for the medium term on the basis of a long reflection," the report says, adding that the documents presented by Mr Theret's company to justify its purchases had been created afterwards.

"It thus appears that a direc-tor of CPP benefited from privi-leged information, which is the only way to explain its inter-

ventions in the market for Tri-

The report makes a number

of remarks about the explana-tions supplied by the other French buyers of Triangle

pany, CPP.

ist" opposition. He also censured Serbian

"The crime is committed but the final sentence may be soft-ened if we are clever enough." Mr Roald Sagdeev, director of the Soviet Space Research Institute, told the World Roo-nomic Forum meeting in Davos, Switzerland.

Davos, Switzerland.

Speakers at the week-long conference have repeatedly called for more account to be taken of the "greenhouse effect"—the warming of the world's climate through industrial pollution—in drawing up policies for economic growth.

**Economic** 

forum urges

action on

environment

WORLD business and political?

leaders were urged yesterday to take urgent action to tackle the "greenhouse effect" if man-kind is to avoid disaster, Reu-

ters reports.

growth.

"This concept of ecological growth appears fundamental for maintaining growth in the future," said former French Prime Minister Raymond

"The process of growth has to take account of the green house effect and the efficient use of energy."

Mr. Barre, a professor of eco-nomics, was reporting on the conclusions of two days of informal talks among a 60strong inner group of political figures attending the annual meeting, one of the world's major business conferences.

Scientists told the meeting of 1,000 business and political leaders that mankind's survival was not under threat in the next 100 years, and more research needed to be conducted. But some action should be taken now to avert potential

Mr Willam Clark, a Harvard University ecologist, said build-ers of new ports or other coastal facilities should bear in mind that the sea level might rise by up to one metre (three feet) in the next century as higher temperatures melted

polar ice caps.

He called for more action to reduce the emission of finon-carbon gases, as used in serosol sprays, increase research into new non-fossil energies, stop the destruction of forests

stop the destruction of areas and encourage greater reaffor estation.

Mr Carlo Rubbia, head of the Geneva-based European Centre for Nuclear Research (CERN), said countries might be forced to give up fossil fuels, such as coal, oil and natural gas, in the next 20-30 years, to prevent The accounts agreed carbon: 3: dioxide was presently the main !? in atmospheric carbon dioxide alone was around 30m tonnes.

Table 1 Trans

- Table

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# the development and direction of IDB's interventions and the evolution of the negotiations between Pechiney and Triangle," Mr Michan says, adding that the orders appear to have been given by Mr Chaker Khoury, whom he was unable to identify further.

Eager hands grasp for copies of yesterday's report by the French stock exchange watchdog on insider dealing

Placements, controlled by Mr Max Theret, co-founder of the FNAC hi-fi, books and records retailing chain, which made a capital gain of FFr 8.84m (£800,000) on the purchase of 32,300 shares.

 The family of Mr Roger Patrice Pelat, a close friend of President François Mitterrand, purchase of 10,000 shares.

• Miss Isabelle Pierco, who made FFr 131,500 after buying 650 shares on the advice of Mr

• Mr Joseph Jossua, a Swiss financier who made FFr 760,000 on the purchase of 3,400 shares, \*Magnin-Cordelle, a Paris stockbroker, which made FFr 951,000 on 5,000 shares. Mr Alein Marsan, a dealer at

the Paris broker Ferri-Ferri-Mr Marsan belongs to the

same tennis club, the presti-gious Racing Club de France, as Mr Jean-Louis Vinciguerra, finance director of Pechiney, and as Mr Alain Boubiil, who resigned two weeks ago as chief counsellor to Mr Pierre Bérégovoy, Finance Minister.
Purchases of 60,000 Triangle shares by financial houses based in Switzerland and Luxemburg are also identified in

embourg are also identified in the COB report, as well as 109,300 shares bought in the US, including 107,500 shares bought by market makers. The largest buyer was Drexel Burn-ham Lambert, which bought 72,440 shares in the week of November 14-18.

The report also notes purchases of .91,000 Triangle shares between August 18 and

shares. Mr Jossua's stated rea-sons were "exceedingly vague", while the account of Magnin-Cordelle's trader was contested by the dealer he said he had spoken to, Mr Marsan, who claimed to

angle shares."

have overheard a conversation in a restaurant between two people he did not know, is also spotlighted by the report.

It appears that Mr Marson obtained information about Triangle's shares in conditions

November 11 by international different to those he me Discount Bank and Trust, a bank based in the West Indies.

"It is interesting to note that the report states." different to those he mentions. service has no formal proof.

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# Stalin's victims rehabilitated

SOME 25,000 victims of Stalin's purges have been rehabilitated under a Kremlin decree and the fate of tens of thousands of

the fate of tens of thousands of others is being examined, Pravda said yesterday, Reuter reports from Moscow.

"The latest decisions are simed at completing work on reviewing criminal cases against all people unlawfully repressed in the past," Mr Boris Popov, the chief military prosecutor, told the Communist Party newspaper.

Under the decree approved

Supreme Soviet last month, nearly all those shot or sent to labour camps by special courts from the 1930s until Stalin's death in 1953 will be exoner-

The mass rehabilitation does not apply to those guilty of treason, to Nazi war criminals or cartain other categories. Many applying to be rehabi-litated have been turned down. In some cases charges which

had been dropped have even

"In recent times, the number of complaints from people sen-tenced in the (Second World) War has increased threefold. Many of them are hoping for rehabilitation. It is no accident that every fifth request for rehabilitation receives a rejec-

Mr Popov said more than 500,000 people were exonerated in the 10 years from 1954 when Khrushchev began the rehabil-itation process. But the process practically stopped in the

All of these securities having been placed, announcement appears for purposepor re

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### **EUROPEAN NEWS**

# BATE 15 MAR Spirit of Greek-Turkish pact sinks into Aegean

Ryanair's European hopes are grounded

On

By Tim Dickson in

IT REPRESENTS a mere blip in the overall picture of Euro-pean air travel. But the deci-sion by Ryanair Europe to dis-continue its scheduled London to Brussels service earlier this month "due to economic cir-cumstances" - and to close its Brussels office this week - is a sad sequel to the enthusiasm with which the company

with which the company greated the European Community's package of air transport reforms just 12 months ago.

The tiny Irish-owned business, which started out life as London European Airways, will continue to operate a charter service with its single Boeing 737 from its Luton airport base in the UK.

This will be small company.

This will be small compensa tion, though, for the sirline's undoubted army of Continental fans, including hundreds of Irish expatristes in the Belgian capital for whom the scheduled service had become a highly popular and remarkably chesp

way of getting home.

The aborted take-off for Ryanair Europe — a separate company from the Ryanair which flies from mainland Britain to Ireland though controlled by the same members of the Ryan family — is a timely reminder for the Brusselsbound visionaries of airline deregulation of the tough com-mercial pressures facing new entrants to the aviation busi-

ness.
"It's a great idea but it's certainly not easy", Mr Jean-Pierre Hustache, the company's departing Benelux manager admitted.

According to Mr Hustache, come several difficulties on the

London-Brussels route. Not least among these was the image of Luton as an airport for charter flights and the fact that Ryanair was only offering one service per day (against a combined 15 by Sabena and British Airways from Heathrow with all the flexibility for busy travellers which that implies).

Capacity utilisation significantiv was little different to the more established airlines at 65-70 per cent of the seats available; but Ryanair: Europe's decision not to offer a business class service severely

densed revenues.

Eighty per cent of the seals on BA/Sabens flights are sold as business class—BF16,000— (£232) return for two 45-minute flights," Mr Hustache remarked wistfully.

200 200

EN

By contrast, Ryanair Europe. was offering free drinks, a. breakfast or evening snack, and no booking conditions or cancellation fee for just BFr4.900 return.

BFr4.900 return.

Apart from the initial refusal
by Sabena to allow the company on to its Saphir reservations system (a decision
quickly overturned by the former Irish Competition Commissioner, Mr Peter Sutherland), Mr Hustache says there were no "undue" pressures from competitors.

ironically, however, one of the final blows was this month's move by Aer Lingus, Ireland's national carrier, to respond to Ryanair Europe's Brussels-Dublin special offpeak fare of BFr10,000 by introducing a limited BFr7,590 offer of its own.
That at least (if it stays) is a

worthwhile legacy of Ryan

WHEN, on the sidelines of the quickly made aware that he world Economic Forum in could not sell the Davos agree-Daves, one year ago, Greece's Socialist Prime Minister, Mr ment without restoring empha-

sis on Cyprus.

The Greek position was adjusted to identify Cyprus as the key to the future of the Davos process. Similarly, political process. Andreas Papandreon, triumphantly announced a "no war"
agreement with his Turkishcounterpart, Mr Turgut Ozal,
reaction in Athena was less
than delighted.

Both the Greek public and
the Foreign Ministry were
alarmed by his apparent readiical pressure forced Mr Papandreon to revive the longstanding Greek proposal for a recourse to the International Court on the continental shelf, and to reiterate that Greece alarmed by his apparent readiness to set aside the key issues of the delimitation of the Aegean continental shelf, and the Turkish occupation of recognized no other bilateral

Ensuing Greek hopes that the Turks would ease the way with a gesture in the form of a withrawal of a portion of its northern Cyprus, in the con-tent of the "no war" pact. Partly as result of adroit political manoeuvring by Mr troops in Cyprus, or with a George Vassiliou, the Cyprus positive response to the conti-President, Mr Papandreou was nental shelf proposal, were

Andriana lerodiaconou and Jim Bodgener (below) report from Athens and Ankara one year after the 'no war' agreement between the Greek and Turkish Premiers

Similarly, expectations that Davos might prompt the Turk-ish-Cypriot side to moderate its negotiating position in UN-sponsored intercommunal talks, launched last September, have so far not been met, in the Greek view.

Another Greek measure of tension in the Aegean, the number of Turkish fighter aircraft forays into Greece's 10mile airspace (Ankara recognizes only six miles), registered little improvement. According to official figures published in

the Greek press, the number of such incursions last year decreased by only 0.2 per cent Ankara drew a sharp response from Athens when a new law passed in January extended Turkey's zons of responsibility for maritime search and rescue operations to a chain of Greek Agean islands, and northern Cyprus. At the same time Greece and Turkey threatened to delay the Conference on Security and Co-operation in Europe in

whether the Turkish port of Mersin, the bridgehead for Ankara's forces in Cyprus, should be excluded from forth-

THE UNIVERSITY OF SOMEAN

On the key battleground of the European Community, Greece remains adamantly opposed to the release of frozen financial aid to Turkey, as well as to Ankara's accession appli-

cation,
Although after Davos,
Greece signed the protocol rendering it a party to the 1963 Turkey-EC Association Agreement, in response to Ankara's pledge to lift a freeze on Greek assets in Istanbul, there has been no further progress since. With general elections due in Greece, the prospects for Mr Papandreou visiting Ankara this year are looking cloudier

# Bar on questioning **Koskotas angers** opposition parties

By Andriana lerodiaconou in Athens

THE GREEK Socialist as to his reliability as a Government has come under renewed fira from the country's opposition parties for allegedly trying to cover up financial scandals in which it may be implicated.

The opposition reacted furiously to a move yesterday by the Socialist majority on the parliamentary committee investigating the scandal involving former banker and press baron Mr George Koskotas, to block the direct questioning of the jailed tycoon by members of the

Mr Koskotas, who enjoyed close ties to the Government, escaped to the US last November after being charged with massive frand, and is currently in prison in Salem, Massachusetts awaiting extradition proceedings.

The committee was due to vote yesterday on the dispatch of a team to the US to interview Mr Koskotas. However, the decision was blocked by government deputies, who voted for its postponement on the grounds that it was not certain that Mr

Koskotas would agree to talk

Meanwhile, the Conservative opposition has accused the Government of financial irregularities in connection with the recent purchase of 40 French-manufactured

Mirage-2000 fighter aircraft. They based their charges on an apparent discrepancy between price figures for the aircraft released by the Defence Ministry this week, and figures given hy the Government in the past.

Responding to press accusations of price padding the Defence Ministry said on Monday that Greece had paid a \$19.4m package price for each

The price included technical support such as spare parts and training, it claimed.

The Conservative opposition, however, charged that in a parliamentary debate last June on the Mirage-2000 purchase, as well as in a written statement issued by the Defence Ministry a year earlier, the Government had quoted a price of approximately \$40m per

## Vienna as they hotly debated coming European arms talks. Ankara's hopes recede for visit by Papandreou

A LOW point has been reached in the Dayos process of recon-ciliation between Turkey and Greece, Turkish officials admit. Hope is fading in Ankara that Mr Andreas Papandreou, the Greek Premier, will come to

Turkey before the Greek elec-tions in Jone, if at all.

Deep divisions remain to be bridged, and there is a whole series of issues on which Tur-key broadly favours blateral negotiations whils Greece wants them settled in multinational forums or by reference The Turkish Government

**Divisions** 

in Cyprus

By Our Foreign Staff

underscored

THE SUBMISSION by Gresk-Cypriot President George Vassiliou of a 25-page document outlining his ideas

on the reunification of the island appears to have high-lighted the deep gulf between his position and that of the Turkish side.

Turkish-Cypriot officials

called the document "disap-pointing" and said it was designed to impress third par-

ties. Similar criticism was

voiced by Greek-Cypriots when Mr. Rauf Denktash, the Turkish-Cypriot leader, said in November that he was making.

new proposals. Cyprus has been divided de

still opposes "internationalisa-tion" of the dispute over oil and mineral rights in the Aegean continental shelf by taking it to the International Court, as Athens has proposed. Other differences relate to air traffic control, the militar-ised or demilitarised status of eastern Greek islands; and

areas of defence responsibility within Nato. Another issue on which the Turkish side seeks bilateral dealings is the alleged persecu-tion of the Turkish-speaking minority in Greece. Athens strongly resists the discussion needs a fresh mandate.

of this question in the context of the Davos process.

The "joint political committee", the most important of three Greek-Turkish working groups set up to study ways of reconciliation, cannot meet again until Mr Papandreon repays the Athens visit last summer of Mr Turgut Ozal. The committee, which last met in September, is supposed to

two premiers.

The Greek position is that the September committee meeting did this, and now

study issues agreed on by the

whereas the Turkish side says the committee has not even started to define substantive areas of disagreement as it was supposed to do.

If there is no movement on

substantive issues, the two sides can only continue with minor confidence-building measures, apart from the exchange of pleasantries through the joint cultural committee, and adjustment of economic relations like double tax avoidance through the eco-

nomic committee.

The Turkish view is that the Cyprus question remains out-

side the purview of Davos, while conceding that progress in either sphere reflects well on the other. However, lately Ankara has been encouraging Mr Rauf Denktash, the Turkish Cypriot leader, to be flexible to the limits of the basic Turkish-Cypriot demands for equal partnership in a federal state, in his inter-communal talks

with the Greek-Cypriots. But the Turkish Government is adamant that its troops will not he withdrawn from the north until there are adequate safeguards for the Turkish-

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Cypius has been divided de facto since 1974, when Turkish iroops occupied the island's northern third after a short-lived coun mounted by the junta then rilling Athens. The two communities are discussing the establishment of a bizonal federation.

Turkish Cypriot officials Turkish-Cypriot officials said the report did not affirm the federations's "bizonal" character clearly enough and they rejected Mr Vassiliou's proposal that ne country should have the right of uni-lateral intervention. Turkey cited this right, laid down in Cyprus' independence treaty, when it invaded. The document calls for the demilitarization of the island under international supervision, with a UN force to assist with internal security. It envisages a Greek-Cypriot president and a Turkish-Cypriot vice-president, and says there would be a single federal currency, managed by the central bank, although each province would have "adequate tax Turkish-Cypriot officials said an integrated federal economy would leave their community vulnerable to exploitation.

### Pay pressures worry Warsaw By Christopher Bobinski in Warsaw

POLAND'S Government is seriously worried by constant pressure for wage rises backed hy shop-floor protests and short work stoppages, Mr Jersy Urban, the official spokesman

Wage protests were occurring in many places every day in a continuation of last year's trend which saw wage growth outstrip the supply of goods to the shops by more than 10 perFor the moment the Govern-ment is coming under most pressure from health service employees, as well as teachers, who, in some places, have even

ince would have "ac

struck for more pay with the backing of the official unious. At the same time the Government led by Mr Mieczyslaw Rakiwski is having to face criticisme in Parliament for its draft endget proposals and changes in the current five-year plan

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### Winnie Mandela 'team' irks ANC chiefs

By Anthony Robinson in Johannesburg

MRS Winnie Mandela, wife of Mr Nelson Mandela the jailed African National Congress (ANC) leader, is currently at the ceotre of a rising contro-versy in South Africa's black

community.

It follows the abduction of foor black youths by members of the so-called "Mandela United Football team" just after Christmas, and fears that one of them, 14-year-old Stompie Mokhetsi, has been killed. Police are now also investiga-ting reports that the abductions may be linked to the fatal sbooting of Dr. Abubakar Asvat, a well-known Soweto physician, by two youths last Friday.

Dr Asvat, a member of the executive of the Azarian Peo-ples Organisation was highly respected in the community for his help to squatters and other poor patients. Members of the 30 strong "team" are mostly youths claiming to be refugees from township violence and political oppression. They were given shelter by Mrs Mandela during the township revolt two years ago and became in effect her bodyguard.

In recent months, however. the "team" has gained a reputation for kicking more than footballs around Soweto, the 2m strong black township south of Jobannesburg. Its growing reputation for thuggery has already led to demands from the ANC's exiled leadership in Lusaka and Mr Mandela himself that the team be disbanded.

Mrs Mandela, who earned respect for her dignified resistance to years of official harassment, internal exile and separation from her husband, was given the honorary title "mother of the nation" by many in the black community on her defiant return to Soweto during the 1984-86 township revolt. But she soon gave the impression of being out of her depth and subject to manipula-

tion by feuding factions. She has often allowed herself to be carried away by her fiery rhetoric. On one occasion, she told a large crowd that libera-tion would come through "our boxes of matches and (flaming

rubber tyre) necklaces."
Her words, captured on tape by reporters, were seized on by the security forces as incitement to violence and proof that the ANC supported the blackon-black violence then raging in the townships as radicals sought ont and killed suspected police informers or those seen as "sellouts". The ANC was then forced into an embarrassing series of denials and Mrs Mandela was told to

keep her mouth shut in future. Last month a Soweto community meeting demanded that she disband her team and cease to use her married name, as it was bringing Mandela ening the practice of democracy and further developing it elected for a four-year term,

# Inflation surge prompts Australian calls for policy change

By Chris Sherwell in Sydney

Mr Paul Keating, the Australian federal Treasurer, yesterday flatly rejected calls for fresh policy moves in the wake of shock inflation figures showing prices rose 7.7 per cent in the year to December.

Publication of the figures triggered a panic reaction on local money, bond and futures markets, where yields rose half a point, and in the foreign exchange market, where the Austra-lian dollar hit a four-year high. The figure of 2.1 per cent for the

above the most pessimistic forecasts of 1.5 per cent, while the 7.7 per cent annual rate, the highest since Sep-tember 1987, confirms that the declining trend seen in 1987 and 1988

has been reversed.

The news adds to the disappointment experienced by the Labor Government as snrging domestic demand, fuelled by strong commodity export prices, has niterly undermined Mr Keating's optimistic forecasts in last August's budget for inflation and

Employer groups and trade union leaders agreed the result was "disas-trous", while the Liberal opposition lambasted the Labor Government as a "failure". For Mr Peter Dowding, the Labor Premier of Western Austra-iia, fighting for re-election on Satur-day, it could not have come at a

Mr Keating, almost certainly with an eye to that poll, insisted yesterday that no change in the Labor Government's economic stance was neces-sary. Against the prognoses of most

economic analysts and the markets, he foresaw no further tightening of monetary policy or fiscal policy, and said tax cuts planned for July would go ahead.

The Treasurer pointed to the contribution made to the latest figure by housing costs, particularly in Sydney, and suggested the quarterly figure would have been 1.4 per cent without housing costs. He announced that the housing costs. He announced that the methodology for measuring these costs was to be reviewed, and said the Government was also calling a

meeting of Australian state pressiers to discuss housing land supply and development.

On the markets, yields on 30-day paper finished at 16.65, up from 15.55 at Monday's close, while the rate for 10-year bunds ended at 15.30 from 12.62. The Australian dollar strengthment against the markets of its ened against the currencies of its major trading partners, rising 0.8 to 66.7 (May 1970-100), the highest since March 1985. Against the US dollar it breached the 83 US cents mark to hit a four-end-a-half year high.

### China ready to profit from choice of Lama

By Coline MacDougail

CHINA's ruling State Council has asked Tibetan lamas to "arrange incarnation procedures" to replace the Panchen Lama, Tibet's second highest religious leader, who died on Saturday at the age of 50 in Tibet. He was visiting the region's second city, Kigaze, to preside at the consecration of new tombefor five of his predecessors dug up in the Cultural Revolution.

Thus the Chinese are setting in motion the ancient Tibetan process whereby an infant is CHINA's suling State Council

process whereby an infant is sought by holy men as the reincarnation of the former

leader.
Peking will probably hand-pick lamas to do the job. A boy who displays the required intelligence, recognition of cer-tain signs and special physical characteristics will be duly

found.

But this procedure usually takes two or three years, and even in the late Panchen's case, there were several rival candidates. Though eventually

a regent will be appointed and Peking will probably be able to make capital out of the selection procedures, at this point the Chinese are left with no senior Tibetan religious figure

to rely on.

While just the week before his death the Panchen criticised China's policies in Tibet and earlier spent nearly 10 years in a Chinese jall, by and large he sided Peking by collaborating. One purpose of his last mask in Kisaze was to visit hist week to Xigaze was to calm the growing nationalist feeling before the Prayer Festi-

feeling before the Prayer Pestival in February.

Last year this festival sparked an independence demonstration in which many monks and a Chinese policeman died, and Peking is anxious that this abould not be repeated. At the latest protest in Phase ion. 10 December in Lhass, on 10 December, several Tibetans were shot dead and a foreign tomist

dead and a foreign tourist wounded.

The sudden death of the Panchen Leaves Peking with another problem the Tibet Development Fund which he launched in 1987 Hader the anspices of this hody numbers of the Tibetan exiles have been invited back to Kigare (the traditional see to the Panchen Lama) to does up factories; much as in China proper Overseas. Of these lave testiment to divise his the mother country.

Travelless regioning from Kigare say these victime. These Algare say these varing thesans. Hve in style in the Pan-chen's palace often exploiting the nationalism of young local workers and making money which appears not to be rela-vested in the development of

Tibet:
Resentment is also growing that Xigaze has been given overmuch aid by Peking to rebuild monasteries wrecked in the Cultural Revolution. On top of that, some of this money is thought to have found its way into the pockets of doubt-fully authentic lamas. Xigaze-has other privileges too, such as a higher number of monks allowed (around 700) as opposed to the handfuls permitted by the Chinese in the Lheise monasteries.

Lines monasteries.

Kigaze is profiting from being closer than Lhasa to Nepal, where Chinese trade, even with Chinese shops, is growing noticeably. This cross-border commerce pro-vides outlets for Xigaze's new factories.

This trade has been boosted in recent mouths by a swing from Nepal into the Chinese from Nepal into the Chinese orbit. An arms deal (shipments of weapons have already arrived), a new border protocol and a declaration by the Nepali government that it would not permit hostile activities by Tibetans on its soil bear wit-ness to this. In September it returned more than a dozen Tibetan refuzees to China.

The trival of the choice of a new Panchen, may play straight into Peking's hands as it batters down on growing demands for more independence. ans for more independence.

### Burma refugee deadline expires

THE DEADLINE for the return of students and other antiburns government demonstra-tors expired yesterday, with more than 2,300 reported to have come home from frontier areas where they fied after a military crackdown on dissent, AP reports from Rangoon. military crackdown on dissent, AP reports from Rangoon.

The Government said last week that 2,313 students and others had returned from border areas. It said that although the formal deadline would not be extended, returnees would be accepted after January 31 at 27 government reception centres.

The Government estimated 3.000 people fied to the Thai-Burmese border and other frontier areas following the September 18 military coup and the shootings of hundreds of anti-government demonstra-

# Keating's 'dream run' turns into a nightmare

Chris Sherwell examines the options for Australia's Government following the latest inflation figures

erratic cricket team, expert perceptions about Australia's economy have once again reversed. Yesterday's again reversed. Testerday's inflation figures were deliberately played down by the Labor Government, but complacency is turning to fear among shocked employers, trade unionists, bankers, tradecontaints. ers and economists

The figures, showing an annual rise in prices of 7.7 per cent for the year to December, were far ahead of expectations and confirmed a rising infla-tion trend well ahead of the country's main trading part-ners. The Government's recent forecast for June of 5 to 6 per cent, itself revised from 4.5 per

cent, already looks dubious. The figures also follow other tell-tale signs suggesting that the economy's irrepressible buoyancy is having damaging consequences. On the balance of payments, Australia's current account deficit, covering the first six months of the financial year, hit A\$8.25bn (£4.12bn) in December, not far short of the A\$9.5bn projected last August for the full year. One result is that the country's burdensome foreign debt is still rising. Now A\$120bn gross, A\$93bn net, the level

IKE sentiment for its erratic cricket team, expert perceptions about makes Australia one of the most heavily indebted nations per capits in the world, living way beyond its means and with little prospect of a significant reduction as a percentage of gross domestic product before 1993.

Mr Paul Keating, federal Treasurer since Labor came to power in 1983, pointed ont recently that the problems Australia currently faces are those of a strong rather than a weak economy – difficult to manage, to be sure, but not as worrying as in the dark days of 1985 and 1986, when he invoked the awful spectre of a "banana republic" to win popular backing for the tough measures he belatedly decided to impose. At that time Australia faced

record current account deficit as falling commodity prices knocked its terms of trade, and a swelling public sector deficit. As the currency plummeted, Mr Keating sharply tightened monetary policy, embarked on successive rounds of public spending cuts and won crucial union backing for real wage

Despite the odds, Labor won a historic third term in office in July 1987, ahead of the crash which abruptly halted the helpful five-year, bull run on

the stock market. Far from bringing great convulsions, the crash brought lower interest rates. Instead of a recession, growth surged on the back of booming prices for Australia'a key commodity exports.

By mid-1988, Mr Keating.

having apparently secured his and the Government's reputation as a successful economic manager, set up a "dream run" to the next election, due hy 1990. Delivering budgets yielding massiva surpluses and promising tax cuts in 1989 linked to continued wage restraint, he prepared to take over the Labor leadership from Mr Bob Hawke. Alas, the dream has begun to

look like a nightmare. Mr Hawke, relishing his personal success, has refused to budge, forcing Mr Keating to choose between staying on or getting out. To have left would have damaged Labor irreparably, but in opting to wait, he has found his job souring again. Just as his relaxation of monetary policy after the crash was overdone, the subsequent tightening, with hindsight, came too little, too late. Investment picked up, but the metro-politan housing markets, especially in Sydney, went crazy. The commodity boom mean-

while brought a 20 per cent improvement in Australia's terms of trade by September, lifting farm, mining and other corporate and personal incomes. The promise of tax cuts reinforced the consumer optimism, while the job market

tightened. The results have since shown up in dismal trade figures, and now in disastrous inflation figures. Attempts to dampen domestic demand by further sharp tightening in monetary policy have lifted interest rates to levels not seen in two years. This is posing a threat to much-needed investment and burting export com-petitiveness by pushing the Australian dollar to ever

higher levels. higher levels.
Yesterday the currency finished at 65.7 (May 1970-100) on a trade-weighted basis, the highest since March 1985, and breached 89 US cents against the US dollar, the highest since May 1984. Exporters of coal, iron ore, beef and wool are complaining about the impact complaining about the impact on their revenues, while manu-facturers' export effort has simply faltered.

Mr Keating has previously voiced hopes that the stronger dollar will help contain infla-tion, which last year he dubbed

Australia's "number one eco-nomic disease". Yesterday's figures show that has yet to happen, despite his insistence that housing costs, swallen by his own monetary policy, were distorting an underlying trend

The inflation result also increases the chances of a wages explosion, a risk already apparent because of the tight labour market. If that happens, it will wreck his plans of a wages tax trade-off for 1989-90 and further undermine business competitiveness.
Logically, he has three immediate policy options, and none is comfortable:

 Tighten monetary policy still further. With interest rates at 17 per cent, be is reluctant to do this, not least because of its consequences among electorally sensitive constituents such as first-time house-buyers. In any case Mr Hawke, perhaps rashly, prom-ised last week that interest rates would come down later

. Look for further cuts in public spending. In rebalancing monetary policy with a tighter fiscal policy, this might help psychologically, but the effects would not be felt speedily. Mr Keating has ruled out such cuts in the past, saying they had already gone far enough federally and would hurt the needlest people. Further cuts in state spending remain a likely target.

• Insist on a further year of

• Insist on a further year of restraint in real wages, or at least abandon the planned tax cuts. The trouble here is that Mr Hawke and Mr Keating have promised that the tax cuts will go ahead, while the trade union movement has gone too far down the current wage negotiation road to attempt a U-turn. A switch now might threaten Labor's all-important "accord" with the all-important "accord" with the unions. Australia's current economic

Australia's current economic problems are not those of a banana republic," as some local analysts are again suggesting. But they are undoubtedly serious. Mr Keating, perhaps with an eye to Western Australia's state election on Saturday, instantant metastated. Saturday, insisted yesterday that no change in policy was necessary. But people in the markets want action.

That could come soon. With the next national election widely expected before the end of the year, Mr Keeting, Mr Hawke and Labor know their political future is once again on the line.

# Iraq delays general elections

IRAQ has postponed general elections for a month to allow more candidates to stand and make themselves known to the electorate, tha official Iraqi news agency INA said yesterday, Reuter reports from Bagh-

It said elections to the 250seat National Assembly, first scheduled for last August but put back to March 1 because of the ceasefire in the war with April 1.

President Saddam Hussein presided over a joint meeting of the Revolutionary Command Council (RCC) and the ruling Baath Party's regional leader ship to discuss amendments to electoral laws, INA said. It said the talks followed ear-

where the National Assembly debates draft laws and after plays an active role."
The leadership discussed ways to provide more chances for those who want to stand for the National Assembly and create an atmosphere for wider legitimate competition among candidates." The postponement would

give candidates more time to introduce themselves to the people, INA said: 1984 in the last elections. The Government covers campaign expenses but candidates must repay them if they fall to win

at least 1.000 votes. An electoral commission said last year that members of the armed forces and security services should resign their

approval passes them to the RCC, the top legislative body headed by Mr Hussein. The RCC increased the powers of the assembly elected in 1984, giving it the right to

question ministers and inspect government agencies as part of a drive to fight bureaucratic red tape. Mr Sadeq Hamid Alloush, a health minister, became its first victim when Mr Hussein sacked him last May. The assembly had passed a vote of no confidence in Mr Alloush after an investigatory committee uncovered negligence and inadequate work at several hospitals and medical

More than 7m people are eli-gible to vote, including Kurds in the autonomous region of Kurdistan, which has a 50-seat legislative council

### Libya chemical weapons move LIBYA, accused by the United for practical reasons, but diplo-

States of building a plant to produce chemical weapons, has applied to participate in UN-sponsored talks on banning them, diplomats said yesterday, Renter reports from

The diplomats said that Libya and several other countries had sought permission to ing what's going on because address the 40-nation confer one day we will be asked to ence on disarmament and its sign the convention. a Libyan chemical weapons negotiating diplomat said. Other nations chemical weapons negotiating committee. The conference will begin its winter session on February 7.
"I think it would be a very

positive development," a West-ern diplomat said. "It could bring extra difficulties but the important thing is that these countries will be brought into the negotiating process."

Membership of the conference has been limited largely

alleged that Libya was building a chemical arms plant near its capital Tripoli. The US and

mats said that since any chemical weapons treaty would have to include all or most of the world's nations it was, important to involve them at "The committee is concerned

about drafting a convention, and we are interested in knowwhich have asked to be observ-ers in the session include Syria

and North and South Korea. Concern about chemical. weapons has grown since Iraq used them to help turn the tide in its war with Iran. It intensified in the last two months when Western countries

West Germany say they have evidence that the plant will produce prison gas, but Libya says that it is merely a pharnacentical factory.

A January 7-11 international conference in Paris focused. world attention on the need to

world attenued on the needs to reach a quick han on chamical weapons and to involve as many rations as possible.

Disarmament conference member fran has in the past blocked non-member fran from speaking. Iraq has not yet applied for the new session. But diplomats feel Iran will be under pressure not to block the participation of any nation.

fran joined in the following "solemn declaration" at the Paris conference: The participating states ... believe that any state wishing to contribute to these [Geneva] negotiations should be able to do so."

# Peres budgets for year of change

By Andrew Whitley in Jerusalem

Israeli Finance Minister, yesterday presented parliament with a Shekel 52.4bn (£16.46bn) budget for the financial year starting in April. Its underlying goal is to keep the economy on an eveo keel during what officials expect to be a

transitional year. in a speech notable for its sober realism about the country's short-term prospects, Mr Peres emphasised the need for change in "outdated economic structures", an indirect reference to the severe troubles being encountered by enter-prises owned by or affiliated to largest ltem, security and

eration. "It is Israel's duty to find its

place in a changing world economy," be said, stressing the need for greater exports and competitiveness. The Finance Ministry is forecasting a 4.5 per cent increase in exports during 1989 after a 3 per cent decrease last year. But the size of the task facing Mr Peres as be attempts to reshape the Israeli economy was underlined in his budget breakdown. A full 40 per cent of spending has been allocated to debt servicing. The next

MR SHIMON PERES, the Histadrut, the trade union fed- defence, is to receive 22 per cent, leaving barely a third for everything else. Overshadowing the annual

budget speech is a looming crisis in the kibbutzim, agro-industrial collectives owing an accumulated \$4bn to local banks; a crisis threatening to come to a head in the near

Bankers confirmed vesterday that the Treasury has been warned by the main banks that these debts will not be rolled over any further if agreement on resolving the problem is not reached within the coming

### Sharansky may be UN envov

MR Natan Sharansky, the former Soviet dissident and a national symbol since his release after nins years in Soviet prison, has been proposed as Israel's next ambas-sador to the United Nations, government officials said yes-terday, Reuter writes from

Mr Sharansky, who changed his name from the Russian Anatoly Shcharansky when he arrived in Israel in 1986, is an ontspoken critic of Soviet human rights abuses and was jailed on Soviet charges of espionage. He was freed in an East-West prisoner

### PLO delays forming government. By Lamis Andoni in Amman

THE PALESTINE Liberation Organisation has decided to put off the formation of a provisional government for the time being and is seeking to set up a committee of Arab states to prepare for the con-vening of an international Middle East peace conference.
The PLO has not dropped the idea of a provisional government hut Palestinian offi-

cials in Amman and Tunis say the formation of such a body will need more time and dis-The PLO was hoping that a provisional government would complement its November 15

declaration of an independent Palestinian state and prompt more countries to recognise the theoretical entity. But recent high-level contacts between the organisation and West European governments have led the PLO leadership to conclude that such a step might actually hamper its.

cause in Europe at this stage.
The problem arises from an internal PLO debate about the composition of a provisional government. Some officials have been arguing that the proposed body should include "moderate" figures from out-side the organisation to make

it a more acceptable negotiating partner for the US and Western Europe. Others say the government should include a broad spectrum of opinion in accordance with the PLO's current structure.
Meanwhile, the PLO has

been seeking Arab approval for the formation of a regional pre-paratory committee to lobby for a United Nations sponsoredpeace conference. The pro-posed committee would comprise Jordan, Syria, Egypt, the PLO and Lebanon, the five Arab countries that would be expected to take part in any eventual conference.

# India's high-technology guru takes on the multinationals

David Housego examines the multi-billion dollar battle to upgrade India's notorious telephone system RESIDENT Mitterrand's visit to India this week will high-light a tussle involving the French over telecommunications policy. It is a conflict that speaks volumes about the way government functions in India these days.

The clash is over the choice of a

digital telephone switching system for the country's main urban exchanges - a multi-billion dollar market over the coming years because of the primitive state of India's telephone system.

The contest pits multinational telecommunications groups, particu-larly Alcatel of France, against Mr

Sam Pitroda, a charismatic figure, now India's high technology guru who threw up an electronics career in the US to become a close adviser with ministerial rank to Mr Rajiv Gandhi, the Prime Minister. Four years ago, he established the government backed Centre for the Development of Telematics (C-Dot) where a team of 200 young engineers, fired by his enthusiasm, have

designed digital switching systems

from small rural exchanges with 80 lines to complex 16,000-line main

Mr Pitroda wants india to adopt his main exchanges for its telephone network. But his opponents describe

his "go it alone" policy as a dream, pointing to the billions spent by mul-tinationals on developing digital switching systems - the computerswitching systems - the computer-ised control of telephone exchanges. Chief among these opponents is Alcatel, which sold India its only plant making digital switching systems. However, the plant has experienced delays in procuring components and higher than expec-ted costs

ted costs.

Now, after five lean years without e further contract, Alcatel has joined with the immensely wealthy Hinduja family to propose an upgrading of the existing plant and a new joint venture to double capacity.

The Hindujas made their wealth from arms trading in Iran under the Sbah. They are credited in Irdio.

Sbah. They are credited in India with an inside track to the Prime with an inside track to the rringe Minister's officers possessed by few other business groups. They are alleged to have been intermediaries for the Swedish group Bofors in its controversial weapons sale to India.
Without naming names, Mr
Pitroda says "there is lots of underground activity in telecommunica-tions... All kinds of people come investigating and snooping around

on what is happening."

The conflict thus reflects two aspects of Mr Rajiv Gandhi's admin-

Sam Pitroda: "opposition from bureaucrats"

istration. On the one hand there is administration. his personal fascination with tech-nology and his wish to explore its uses in accelerating development - Sam Pitroda heads several
technology missions ranging from
telecommunications to adult literacy
and immunisation whose task is to seek unconventional, non-bureancratic approaches to key problems

The stakes are immense. Mr components in time. It attributes that have got bogged down in the Pitroda says it is time to "position high costs to financial charges and

yourself" in a \$10hn Indian market yourself" in a \$10hn Indian market for switching equipment. "If you do so today, you are in for ten years."

Because of the size of the honey pot, other Indian and foreign companies are waiting to see which way the wind will blow.

Decisions are urgently needed. The official waiting list for telephones is 1.5m. On average it takes four or five attempts to make a local call. The Government wants to

call. The Government wants to instal a further 2m lines a year. But Mr Pitroda needs investment deci-sions delayed to allow time for his system to prove its worth. He is behind schedule and it may not be fully operating before 1991.

Mr Mitterrand and his team will

obviously go into bat for Alcatel, which has the advantage that its ungraded E10B technology is available and tested. The Mankapur plant, set up in 1984 for the state-owned Indian Telephone Industries (ITI), is operating at less than half the 1990 cooling and the state-owned Indian Telephone Industries (ITI), is operating at less than half its 500,000 lines year capacity. Sixty per cent of the components are still imported — well above the level

Alcatel blames Indian bureaucracy. It says ITI - which took over the running in 1987 - failed to order customs dues. In the venture with the Hindujas it wants an equity stake giving it a stronger hand in management. The irony is that Mr Pitroda is the

the front is that an Pitrona is the type of unconventional ignoclast for whom Mr Mitterrand has a natural liking. With his shock of grey hair, irrepressible flow of words and contagious energy, he is not unlike Mr Jack Lang, the French Minister of Cribura.

Mr Jack Lang, the French Minister of Culture.

Mr Pitroda's family of digital switching systems uses a modular approach. The basic building block is a microprocessor-controlled 128-port private, business PABK exchange. Large capacity exchanges are multiples of this linked together like wagons in a train. Mr Pitroda save this avstem greatly reduces the name wagons in a train. Mr Pitroda says this system greatly reduces the number of priated circuit boards and that only 20 per cent of the components—essantially tha memory chips—would be imported. Alcatel officials say that with a modular system the difficulties grow more complex the more you expand it.

Mr Pitroda believes that he has

Mr Pitroda believes that he has run into opposition within the bureaucracy from those who are "indirectly promoting some commis-sion agent's product".

He leaves little doubt that he will fight Aleastel trooth and wall fight Alcatel tooth and nail.

The other side of the coin is that multinationals, lobbyists and com-mission ageots have cast a cloud

opposition making corruption a cen-

tral issue.



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**US Treasury** 

Mexican debt

By Stewart Fleming in

Washington

denies report on

THE US Treasury yesterday

officially denied reports that it had drawn up e plan for the restructuring of Maxico's deht. "Reports in today's issue of

the Financial Times that the

IIS has put forward a plan for a Mexican debt restructuring are

incorrect and without founda-

"The options discussed in the article have not been developed by the US Treesury

Department and are not being

sponsored by the US Govern-ment. We believe as a matter

of policy that specific financing

and restructuring plans must be developed by the respective

debtor nations in co-operation

with their commercial bank creditors," the Treasury added.

proposals outlined in the report may have been based on

an internal study prepared by a private financial institution, adding that such papers are

often sent to the Treasury. But

they refused to identify the source of the document.

the creator of the report,

draft stage, was American Express Company in New

Mr Lawrence Armour, a

spokesman for American

Express in New York, said yes-

terday: "Eased on our reading.

it indeed appears to be a paper

that was pulled together here

e The report from Mexico

City, published in yesterday's edition, was based on docu-

ments supplied to the FT and

represented as a US Treasury

working paper. We now accept

that the paper was not drawn up by the Treasury, and we

for internal discussion pur-

poses only."

regret the error.

described as still in an early

It eppeared yesterday that

Officals maintained that the

tion." the Treasury said.

### the Joint Economic Committee of Congress. Mr Greenspan also said he wanted periodic meetings with President Bush to co-ordinate economic policy and he minimised recent alleged differences with the White House.

Acknowledging the change in policy by the G7, Mr Green-span said thet "in the last year or so" co-ordination had been sufficiently successful to create

a degree of stability in major hilateral exchange rates, so that previous uncertainties which had mede markets volatile hed to largely been

the deficit in 1989. Mr Greenspan also defended the tightening of US monetary policy over the past year which be said, was "more likely to extend out the recov-Reaffirming the continued desirability of stability for the ery rather than to hring an early halt". While not seeing anything currently which dollar, Mr Greenspan also said that "another tranche" ofim-provement in the US trade deficit could be expected at exist-ing exchange rates. He said that unfilled orders for exports would create a recession, he noted that there was nothing to suggest that the business

cycle had been repealed. In face of concern expres by Democratic members of the committee about differences with the presidency over the priority of fighting inflation, Mr Greenspan said there was "far less here than meets the eys". He and the President were "very old acquaintances" and any differences in approach were "negligible" and "quite minuscule". Mr Greenspan said he was

speaking with Mr Nicholas Brady, Treasury Secretary, on "e continuous basis" and he favoured the revival of the pre-vious four-sided group (also including the budget director and chairman of the Council of Economic Advisers) to co-ordinate policy regularly, coupled with meetings with the Presi-dent "from time to time". He had last talked with Mr Bush in December when he was "quite amenable" to this.

Mr Greenspan repeatedly

Mr Greenspan repeatedly etressed the importance of Congress agreeing on a multi-year package for eliminating the budget deficit, which could have "dramatic and rather extraordinary effects on finan-cial markets in bringing interest rates down".

He said that a reduction in the likely deficit of \$161bn in the current 1989 flacal year to \$110bn or even \$120bn in 1990 would be an improvement.

berate the country for leaking

to the Soviet Union.

Attorney General, resterday announced the formation of securities and commodities fraud task forces in six US attorney offices, Reuter reports from Washington.

The cities are Chicago, Los Angeles, San Francisco, Kansas City, Denver and the Manhattan district of New York

City.

Mr Thornburgh said that "as a result of the burgeoning number of fraud investigations and prosecutions. I have become convinced that a con-certed interagency effort is

US sets up

task forces

fraud

on securities

MR Dick Thornburgh, US Attorney General, yesterday

### Plan to widen health care

A commission headed by three former presidents — Nixon, Ford and Carter — has proposed a US national health safety net to provide basic care

Washington.

The initial cost of the scheme, which would be structured to encourage all who could afford it to opt for more comprehensive private insurance, is put at \$15bn, adding a little over 5 per cent to the annual US health bill of

PRESIDENT Alan Garcia of Peru said yesterday that Mr Carlos Rivas Davila, Peru's Finance Minister, would soon unveil the Government's economic programme, writes Veronica Baruffati in Lima. There has been criticism that the Government has no economic programme and that the measures adopted since

last September have been piecemeal. President Garcia admitted he had been wrong not to divulge the programme.

Mr. Rivas will explain the programme for February to June which will include monthly readjustments of exchange rates, fuel prices and inflation indexed wages.

### Brady likely to enlist ex-industrialist as aide

By Lionel Barber in Washington

Treasury Secretary, is set to call on e former pharmaceutical industry executive, Mr John Robson, to help him run the department.

Mr Brady has come under fire recently for his handling of the savings and loans crisis. Mr Robson, e former govern-ment official, is expected to bring useful political experi-ence to the Treasury, where several officials have followed Mr James Baker to the State Department.

Mr Robson had extensive experience in the Johnson and Ford administrations, mainly in transportation and airline deregulation. He served as president and chief operating officer of G.D. Searle & Company, a pharmacentical com-pany, from 1977 to 1985, and has been active in Republican campaigns. He is currently

MR NICHOLAS BRADY, US head of Emory University's Treasury Secretary, is set to business school in Atlanta. Mr Baker, meanwhile, is said to favour Mr Richard McCormack, e conservative former sional aide to Senator Jessie Helms, the North Carolina Republican, for the post of Under-Secretary of State for Economic Affairs, which is the State Department's top eco-nomics job. Mr McCormack is now US ambassador to the Organisation of American

> Some administration officials favoured Mr Robert Hor-mats, a New York investment banker, who has extensive government experience in international economics. But Mr Baker, ever mindful to guard his conservative flank, apparently wanted to make some senior eppointments that would please the Senate conservatives.

## Mulroney acts to cut deficit

By David Owen in Ottawa

MR Brian Mnlroney, the Canadian Prime Minister, plans to centralise his new Cabinet's expenditure approval process in an attempt to make inroads on the federal budget deficit, which is causing increasing concern.

He said reduction in the federal deficit, running at nearly C\$30bn (£14.3bn) a year, is a priority for fiscal 1990, and rising interest rates in 1988 have created difficulties on the fiscal

Higher than expected interest costs are placing additional onus on the maintenance of tight spending controls if deficit reduction targets are to be met or surpassed. The projected deficit for the 1989-90 year stands at C\$28.6hn

Mr Mulroney has upgraded the 19 strong committee on pri-orities and planning, which emerged as the central policymaking forum in his previous

administration.
Attempts to curb federal spending may hit Canada's plan to buy 10 nuclear subma-rines, based on French or British technology for C\$8bn. The Government is still committed to the submarine programme, said Mr Mulroney "but it will be reviewed by the new Cabinet like everything

In the Cabinet reshuffle he moved Mr Perrin Beatty, champion of the nuclear submarine programme, from defence to

### Ortega to cut spending in austerity drive

were still rising, so expected a resumption of the decline in

PRESIDENT Daniel Ortega of Nicaragua has announced plans to cut the budget hy nearly balf, lay off 35,000 troops and public employees and end subsidies for basic goods in an effort to end the country's economic wees, AP reports from Managua.

He said in announcing the austerity plan on Monday that city dwellers would be hit bardest and suggested many might move back to rural

areas.

Speaking to the National
Assembly, Mr Ortega called
for the co-operation of private
business and told landowners that the leftist Sandinista government would no longer confiscate private property. He said Nicaragua's 3.5m

people needed to make sacri-fices to revive the economy and reduce infletion, which reached 20,000 per cent last year. He said the federal budget this year would be cut by 44 per cent - 461hn cordobas or about \$100m-\$200m. The President said the Gov-

erument would impose a "war economy" policy if inflation was not brought under control

In an interview with the El Nacional newspaper in Cara-cas, Venezuela, be said the reduction in workers would include 23,000 from the army and Interior Ministry and 12,000 from other public institutions. The Sandinista army had 74,000 troops last year including reservists and will

Laid-off workers will receive temporary compensation and be offered agricultural employment, he said.

Mr Ortega said the official and parallel rates of currency exchange would be merged to eliminate black market demand for dollars. He did not say what the rate would be.

## Japanese PM pitches for a 'higher plateau' in US links Ian Rodger examines Tokyo's special relationship

HEN Mr Noboru Tak-eshita made his first visit to Washington as prime minister a year ago, he went very much in the old style of Japanese leaders. He took various gifts in the form of policy initiatives in a bid to assuage US anger at Japan's fallure to open its markets and

contribute to solving the world's problems. Today, as Mr Takeshita begins his second US official visit, the contrast could not be more complete. There are no gifts being offered, no new policies being trotted out to try and dampen US criticisms. Japanese officials claim eir-

ily that all bilateral issues have been solved and that they, at least, have no intention of raising any new ones during the prime minister's two days of talks in Washing-

Their objective is to pitch the bilateral relationship onto "a higher plateau", as one foreign ministry official put it last week, based on the probably accurate, if immodest, asse ment that "our relations have grown to such an extent that close co-ordination is essential. for giobal welfare."

This claim implies Japan is no longer the dependent and ever responsive ally of the US, but an equal partner in a huge and complex interdependent relationship.

Thus, Mr Takeshita wants to talk to President George Bush about East-West relations, dealing with world environment problems, the South American debt problem, Third World development and the management of the world economy, including the Gatt world trade system.



The Japanese know the visit will not go so smoothly as they would like. Mr Bush and other administration leaders may be polite, and even supportive of the notion that Japan take a bigger share in world leader-

ship.
Mr Bush has, after all, recently endorsed the notion that the US-Japanese relationship is his country's most important bilateral link, and has demonstrated it by planning to ettend this month'e funeral of Emperor Hirohito. Mr Takeshita, however, also plans to visit Congressional leaders on Capitol Hill, where

he is unlikely to get so respect-

ful a reception. The old complaints are likely resurface about Japan's markets being too difficult to penetrate, reinforced by the latest trade figures showing the Japanese trade surplus remaining stubbornly high. Some Congressmen will claim Japan's contribution to the collective defence effort is too small while others will

by 5.9 per cent in the next ins-cal year, and that Japan will continue to provide more financial support for US forces stationed in its territory than any other ally.

Mr Tower has also said a Japan-US joint development of a new fighter aircraft was a "lousy idea" because Japan would receive a lot of US tech-

nology inexpensively. The Japanese claim they were pre-pared to develop a fighter independently, but gave in to US pleas for a joint venture. On economic issues, Mr Takeshita is likely to be much more strident than any Japa-nese prime minister has ever been. Japan, he will say, has done all that was asked of it to try to promote structural adjustment. Despite the high trade sur-

phises, the economy has been driven by domestic demand, not exports, for the past three years. The US, on the other hand, has done little to reduce its deficits or the propensity of its consumers for imported products.
The Japanese will argue that frictions are inevitable in a

relationship as large and complex as that between the US and Japan. Mr Takeshita's officials probably expect nothing more at this point than a sympathetic response from the Bush Administration.

### sensitive Western technology The Japanese will, as usual be well equipped with answers, and will be eager to present some of them following recent criticism from Mr John Tower, the new Secretary of Defence. They will point out that defence spending is going up by 5.9 per cent in the next fis-

for the 37m Americans not covered by existing schemes, writes Authory Harris in

The Universal Access scheme would be paid for by companies and individuals with more than 150 per cent of the official poverty income.

### Peru set to unveil economic measures

### **WORLD TRADE NEWS**

# EC pact on Palestinian farm produce in trouble

A LANDMARK agreement made between Israel and the European Community - permitting the direct export of Palestinian farm prodoce to Western Europe – is in chaos. This follows the near total failure of the first shipments from the occupied territories

After many menths of pains-taking diplomatic work, the breakdown of marketing arrangements sponsored by the European Commission bas angered Palestinian exporters, embarrassed Brussels officials and, privetely, delighted the Israeli government.

israel fought hard to prevent West Bank and Gazan exporters being nble to market their produce abroad on equal terms to protected Israeli farmers.

In retaliation, the Community blocked e package of trade and finance protocols benefiting Israel, for two years. Only in October did the

European Parliament finally epprove the protocols, after the Government of Mr Yitzhak Shamir reluctantly conceded thet, starting this winter season, Palestinian farmers could export their goods to Europe without hindrance, through

Apart from a small quantity of aubergines and green peo-pers enjoyed by customers in the south of France, none of the farm produce from the Israeli-occupied territories has yet been sold.

The problems that beve arisen centre on T Port, e large fruit and vegetable wholesaler with offices in Rotterdam, Hamburg and London.

With the encouragement of Brussels, this company contracted with Gazan citrus producers to market a total of 16,000 tonnes of grapefruit and oranges between December

The first shipment of 1,100 tonnes of first-grade grapefruit left the Israeli port of Ashdod at the beginning of December, bound for Rotterdam.

There it has stayed, building up warehouse storage charges for the increasingly desperate

Citrus is a mainstay of the impoverished Gazan economy. The exporters' association in

all produce through the Rotterdam-based concern.

Although the Commission financed the trade missions, it was the Dntch Government which took the lead in arrang-ing for experts — one of whom was seconded from the com-pany itself — to advise the Gazans on selling in the highly competitive European market egainst Agrexco, the well-es-tablished Israell agricultural state body.

After months of painstaking diplomatic work, a breakdown of marketing arrangements sponsored by the **European Commission** has angered Palestinian

exporters, embarrassed Brussels officials, and privately, delighted the Israeli government

Some 10 days ago, the Gazan exporters sent an angry telex to the Commission, whose line of defence is that it was only responsible for creating the political and legal framework to make the exports possible.

The first shipment of aubergines sent last month by the West Bank association of agricultural co-operatives to Marseilles, ahoard an Agrexco boat, also encountered prob-

When the 40-tonne consignment arrived et its destination, it was found that 80 per cent of the high-value winter vegetable had been spoiled, through being stored oo board ship at the wrong temperature.

Laura Raun adds from Amsterdam: T Port firmly denies any hint of wrongdoing but admits Palestinians will reap almost nothing from the first consignment due to an unfortunete array of circum-About 85 per cent of the 1,100 tonnes of grapefruit has been sold in the Netherlands, West Germany, UK, Denmark and France, according to the director of the company in Rotterdam Proceeds will be provided.

dam. Proceeds will be remitted

Gaza claims it was misled into to the Palestinian growers believing it was obliged to ship soon but will be marginal because costs soared amid delays, gintted market and

extra transport.
"The big problem is a lack of ships and no direct links," he complained. "Clients need regularity every week in our business...not a one-off."

Delays in loading and ship-ping the grapefruit meant the produce arrived in Rotterdam just before Christmas and a subsequent plunge in prices, be explained. The fruit was stored temporarily during the Christmas

holidays because many shops are closed and marketing started in earnest at the beginning of January.

It had to be shipped further than originally planned - to Denmark - to find a market

Denmark – to find a market.

The company is responsible for chartering the transport ships. But the director noted that vessels which have traded with Arabs were blacklisted, telecommunications links were bad and Arab dockworkers were delayed by the distur-bances in the occupied territories, the Israeli-imposed curfew

and hot weather.

"This was just a test case to see whether the European market could be opened," he observed. He believed that the next shipment, of oranges, is due around February 10 and hoped it would do better.
But be cautioned that Euro-

pean fruit prices remain under pressure and the Palestinian produce goes through the nor-mal Dutch auction channels. Tim Dickson in Brussels adds: European Commission officials have confirmed that there had been a "commercial dispute" over 1,100 tonnes of grapefruit shipped by Palestinian producers — the first con-

signment of the contract with e Dutch importer. "The price fell on the European market and they are try-ing to sort things out," said one expert. "As far as we know, they have not yet sup-plied the second consignment." The feeling in Brussels is that the problem is e commer-cial matter between suppliers and importers - and that while the EC set up the infra-structure for the direct trade between the occupied territories and the Community, it would not be appropriate for the Commission to intervene.

### Italy hits at **Britain** over Japanese car plants

By John Wyles in Rome BRITAIN'S readiness to play

best to Japanese car plants was criticised yesterday by Mr Renato Ruggiero, Italy's Minister of Foreign Trade, who accused the UK of "lacking solidarity" with Its European

Community partners, He claimed that the courting of Toyota, following construc-tion of the Nissan plant and Rover's collaboration with Honda, would undermine the Community's attempt to negotiate e car export restraint agreement with Tokyo, to come into effect after 1992.

"This is too much. The British are continuing to offsr regional aid to highly competitive investors and setting them export targets to other Euro-pean countries," Mr Ruggiero

"It is like me offering money to Suntory to set up in the south of Italy and telling them to sell certain quantities in

Mr Ruggiero was concerned about the need to negotiate an export regime with Japan to discipline Europe's car imports when Italian and French national quotas are lifted in

"We shall have to take into account Japanese production in Europe as well as imports from Japan. But I want to negotiate with the Japanese authorities, not the Japanese in the UK,"

Britain should at least dis-cuss the issnes with its EC partners before closing any new deals with a Japanese manufecturer, the Minister Italy would be forced to

adopt the UK's approach and this did not exclude seeking to attract a Japanese car plant.
Until now, Italy's quote restrictions on 41 different Japanese products has decided Japan to put most of its direct investment elsewhere.

Mr Ruggiero hopes to be able to announce to a delegation from Japan's Ministry for International Trade and Industry, which is visiting Rome next week, that Italy will be edopting a programme for a phased withdrawal of these quotas. In return, he will seek under-

takings on direct investment in

# Stereo filip for Filipino exporter Richard Gourlay on a company's breakthrough in foreign sales

technology and sold knockeddown kits from Korea. Mabuprawn exports. THE EXPORT of 3,000 car stereos from the Philippines to the US this month may not go hay planned to undercut the

down as the most memorable breakthrough in trans-Pacific trade. But for a small Manila company, Mabuhay Electronics, it is a milestone on a trau-matic journey that will nevertheless make it a major assembler and exporter of col-our televisions for Samsung Electronics of South Korea. At times Mabuhay's story takes on an Alice in Wonder-land quality. The Govern-ment's Board of Investment, for example, in applying rules to eocourage exports ectually closed the fledgling Mabuhay, giving protection instead to such giants as Philips, Sharp, National, Hitachi and Sony, all of which are well established industry.

locally and none of which export colour televisions.

Mabuhay's experience also highlights the difficulties facing countries such as the Phi-lippinss when they try to dsvelop their industries beyond simple assembling and packaging operations based on

cheap labour.

Mebuhay should export 60,000 colour televisions to Samsung Electronics of Amer-ica this year and is aiming for 100,000 in 1990. The rising South Korean currency and the loss of the US generalised system of preferences privileges has already encouraged Samsung to start prodocing in Malaysia and Indonesia.

Its involvement in the Philip-pines began 18 months ago when the Filipino-Chinese in Mabuhay decided to hreak the Jepanese grip on the rapidly growing domestic television market. Samsung loaned techassemblers of Japanese televi-sions and build domestic sales as a sound base from which to

start exporting.
But Samsung appears to
have been more understanding ing colour television makers which was designed to conserve scarce foreign exchange and encourage the development of a local components

Under this law, which is still

the BOI deferred the export condition for 18 months and

than the investment board. In 1984 the Government approved a so-called progressive elec-tronics programme law govern-

in place, newcomers like Mabu-hay have to export 20 per cent of their production in the first year and 50 per cent in the second. They also have to earn foresign applying gradity to have second. They also have to earn foreign exchange credits to buy the parts for local sales. The existing companies were not required to export anything and could earn foreign exchange credits from the export of prawns, furniture and other non-electronic prod-

"With no product track record there was no way the government could impose something like that," said Mr Fortinato Jayme, the president of Mabuhay. "We needed the strong local market before

going into exports."

Mahuhay want ahead with its investment anyway. Almost immediately most of the other television makers protested against its local sales and the BOI froze Mabuhay's import approvals, closing the company down for four months. Finally

In one way the BOI proin one way the BOI pro-gramme was successful in pro-moting exports because it forced Mabuhay to move into car radios. Discarding the phi-losophy of developing a strong local market first, it started assembling stereos with the assistance of Kopek Interna-tional of Jensey.

tional of Japan. Manila-based Mabuhay Electronics has overcome the Aquino Government's export rules to capture a share of the foreign trade market from the Japanese and South Korean giants of the electrical industry

Kopek had already moved its production base from Japan to South Korea because of the appreciation of the yen and is about to move again, this time to form a joint venture with Mabuhay, because of the rising

South Korean won.
But despite the unexpected success of the car stereos, the BOI's "progressive electronics programme" has been strongly criticised. The BOI thought theriocal market was saturated, said Mrs Riena Lim, the prisident of Solid Corp, the assembler of Sony who believes more competition would benefit the producers and the Philippines in the long ron.

the long run.
"The BOI thinks it knows better than the businessman who is risking his shirt."

Furthermore, the programme has not encouraged the proliferation of component makers which could turn the assemblers from suppliers of labour in to real manufactur-

It is partly a chicken and egg problem. Potential parts sup-pliers say there is no market because many of the assem-blers will only draw resources from parent companies – to which the refort, with some justification, is that local sup-pliers fail to meet quality stan-dards, miss delivery deadlines and are too expensive.

and are too expensive.

As a result the Department of Trade and Industry believes only between 10 and 15 per cent of the value of the country's largest export category, electronics, is added locally. There is liftle sign of an in increase in this value added unless substantial changes follow a Department of Trade review of the programme now under way, observers say.

Mabuhay has more immediate problems although Samate problems although Sam-

ate problems although Samsung has agreed in principle to buy up to 40 per cent of the company. To meet US safety and specifications standards it is having to finance new equipment with expensive debt. Mr Jayme mourns that there is no available cheap credit for exporters as there was when Korea was developing. Korea was developing

Moreover, after 18 months of pleading, the company which could soon have sales of over \$30m (\$17m) has only one telephone lime.

Neverthless Mabulay looks set to become a serious exporter of Korean and Japanese electronics goods – perhaps in spite of Government help rather than because of it.

# EC to press US on import-ban law

BRUSSELS plans to press the US to modify a 60-year-old law allowing Washington unilaterally to ban imports of products deemed to damage domestic American industries, William Dewkins reports from Brus-

Contacts will soon be made to seek "urgent measures" to change the law. Section 337 of the US Tariff Act of 1930, EC officials said. This is the latest irritant in

US-EC trade relations, already

upset by disputes over the Community's ban on hormones

Gatt disputes panel finding thet Washington unfairly hlocked imports of a superstrong aramid synthetic fibre made by Akzo, the Dutch chamicals company, on grounds that it infringed a US patent for kevlar, a competing fibre, made by Du Pont, the US

chemicals group.

The panel said the US was giving Akzo's products less favourable treatment than

in meat and US demands for better access to European tele-communications markets.

Yesterday's move follows a Gatt disputes panel finding thet Washington unfairly blocked imports of a super-company of demands for their American counterparts, against Gatt rules.

The Act allows US authorities to block imports that destroy, substantially injure or prevent the establishment of demands for their American counterparts, against Gatt rules. or prevent the establishment of domestic industries", which the EC argues contravenes Gatt rules against the use of national regulations to protect

domestic suppliers.

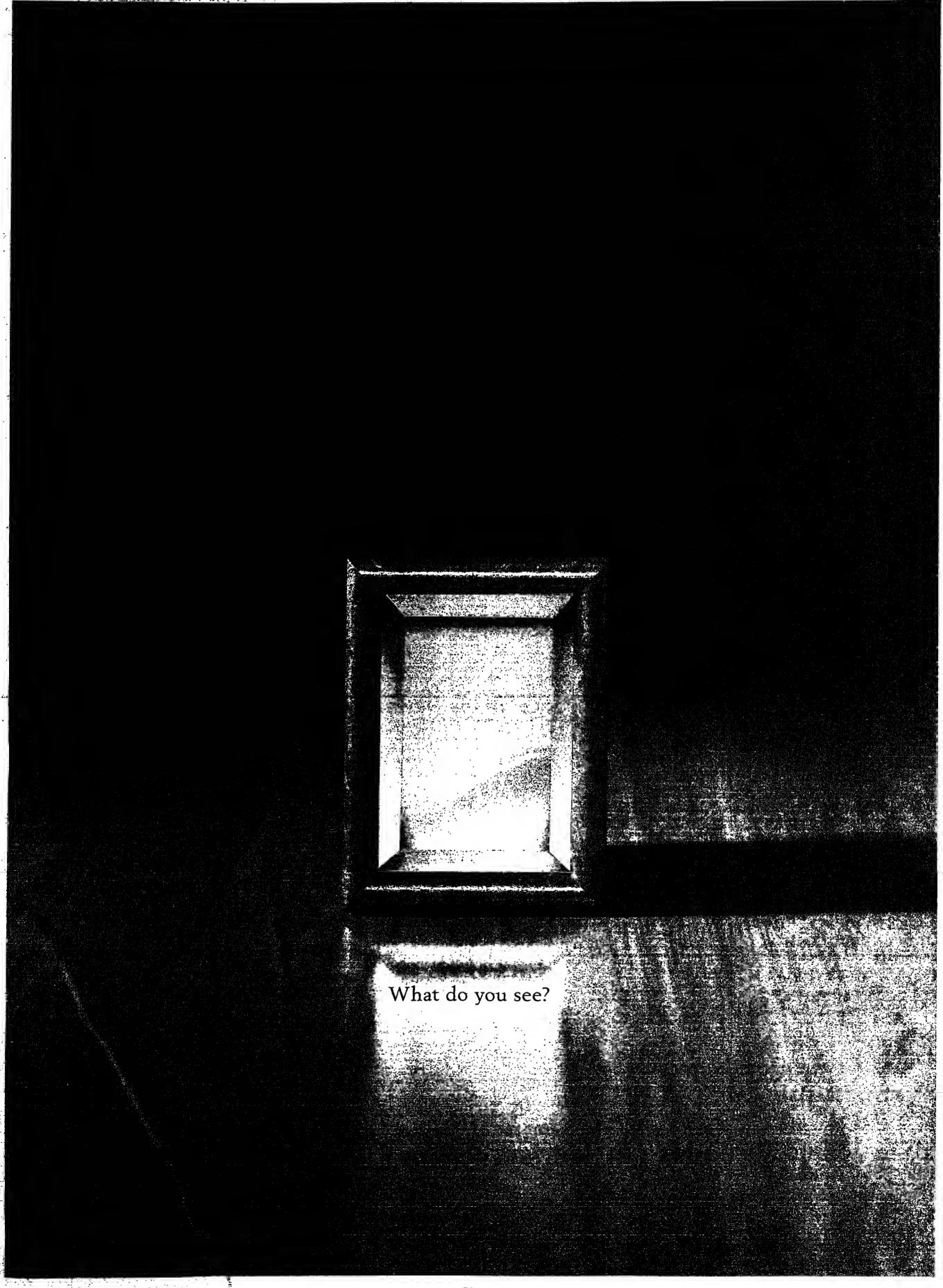
The Gatt Council is to rule on the case on February 8. This will mark the first use of a five-year-old rule allowing-European companies to call for EC retalistion on "unfair" for-

eign trade practices.

The dispute is seen in Brussels as a landmark case for the effectiveness of the EC trade disputes regulation concerned—the so-called New Commer-

cial Instrument. cial Instrument.

The companies agreed last
May to grant each other
licences for their respective
aramid fibres, ending an 11year-long legal battle over
patents. At stake was a more
than time (5555m) world market for high-strength fibres
used in telecommunications
and aerospace.



ets up forces curities

For a true reflection, see us.

CHARLES BARKER PUBLIC RELATIONS

# Sizewell named for fourth PWR nuclear staton

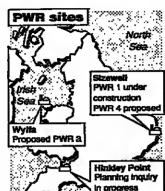
By David Green and Max Wikinson

**BRITAIN'S Central Electricity** Generating Board yesterday announced plans to build a second pressurised water reactor (PWR) nuclear power station at Sizewell, in eastern England. This will be the fourth of a family of identical reactors of 1,175MW each, which the Gov-arnment and the Board want

agreed before the electricity industry is privatised in 1990. The bill under which the industry will be sold gives the Government power to set a quota for "non fossil fuel" supplies. Ministers intend to frame this requirement in such a way as to assure the future of the PWR family for the rest of this

cost £5.9bn at current prices. A special levy will pass the cost to electricity consumers after privatisation. They will be built by National Power, the

larger of the two generating companies to be split off from the CEGB after privatisation. Work started on the first of the family, known as Sizewell B, in 1987, after a marathon public inquiry; it is expected to be commissioned in 1994. A planning enquiry is being held into the proposal for a second plant in the series at Hinkley Point, while a third is planned at Wylfa, Anglesey. The provisional hoard of National Power, already operating within the CEGB, is expected to make a formal application to the Government in the early summer for permission to construct a Sizewell C PWR.



Mr Sam Goddard, CEGB corporate director of system plan-ning, said it was hoped that the Wylfa and Sizewell C plants would be completed by the end of the century. The Board estimates that the

latter will cost £1.35bn com-pared with £1.7bn for Sizewell B, which had to bear heavy development costs. The Hink-ley Point PWR is expected to

cost £1.47bn.
Mr Goddard, designated as
National Power's director of planning and nuclear construction, said he hoped that a pub-lic enquiry would not be necessary for the new Sizewell plant hecause plans for the first PWR had already been subject to thorough examination.

An earlier, gas-cooled Mag-nox nuclear plant - Sizewell A - was commissioned in 1966 servative government to "privatise" health care.

The Thatcher Government has concentrated on making and is due to close in the mid-

> The proposals say many members, like those appointed by local authorities, see them-selves as representatives. It has an easy solution to this dilemma – bealth authorities will become managerial. They

NATIONAL HEALTH SERVICE POLICY DOCUMENT

Stress laid on value, efficiency

By Alan Pike, Social Affairs Correspondent

READERS of the White Paper (draft law) on health care will notice that there is literally less in it than meets the eye.

Its large A4-style format discretion of

guises a generous allocation of margins, blank pages and

empty space.
This is partly because the Government does not try to detail some of its more interesting proposals. Working papers will soon be issued by Mr Kennetb Clarke, Health Secretary, to expand on the Government's ideas for giving family doctors control of budgets, containing drug costs, encouraging a trade in patients between health authorities and other aspects of the docume

But the question being asked in tha National Health Service yesterday was whether tha White Paper also contains more than meets the eye. Do the spaces on the pages repre-sent lines which are there to be read between — and is the hid-den message that this is the first step towards the gradual break-up of the tax-funded,

comprehensive NHS? The paper says that the Gov-ernment will "keep all that is best in the NHS" and that the service will continue to he "open to all, regardless of income, and financed mainly

out of general taxation. No question will dominate debate about the White Paper so much as whether these proposals are a serious attempt to make the NHS more efficient, cost-effective and responsive to patients's needs, or whether they are intended as a jump-ing-off point for a future Con-

the NHS more managerially efficient. Many elements of the white paper continue this approach, albeit tinged with touches of the Government's hroader ideology. Ministers have concluded, for example, that district health authorities are "neither truly representa-tive nor management bodies."

will be reduced substantially in size and local authorities will lose their rights to appoint THE NATIONAL HEALTH SERVICE

Britain's Health Service was born in 1948 under a Labour Government and was designed to offer cradle-to-grave health care for all UK residents which was free at the point of delivery. The Service was founded on the Beveridge Report, a set of detailed proposals on social security made during the Second World War by Liberal MP and economist peer William Beveridge.

economist peer william beverlage.

The service is Europe's biggest employer with 1m staff and governs hospitals, specialist medicine, family practitioners, ambulance and community health services. The NHS has an annual budget of some £26bn (\$46bn) financed mainly by taxation and is for the most part free, although user charges are today levied on sight tests, device most part free, although user charges are today levied on sight tests, dental work and prescribed drugs.

Main proposals in brief

staff in management,

The Government says that self-government will "encour-

ly - the Royal College of Nurs-ing, the nursing union, wants assurances that self-governing

hospitals will remain part of the NHS for at least 40 years.

tightened in hospital to ensure

they give value for money.

Consultants more closely

involved in the management of hospitals and held to account for spending. Merit rises awarded by hospital managers with regard to the effective use of resources as well as clinical

excellence.

FAMILY doctors' practices with more than 11,000 patients able to hold budgets and obtain

defined range of services direct from hospitals. Encouraged to compete for patients by offer-

ing better services.

HEALTH authorities reor-

ganised on business lines, with

appointed executive and non-

executive directors, Local

anthorities lose representation.

PENSIONERS given tax relief to help pay the premiums for private health insurance.

The document's approach to

Proposals for reorganising hospital funding are presented in the same logic of improved efficiency, greater competition and wider choice for patients. There are 320 acute hospitals with more than 250 beds, and the Government wants most of these to become for self-gov-erning, outside health author-

ity control. Self-governing hospitals, set up as NHS Hospital Trusts, will have greater freedoms than other hospitals: freedom to select pay scales related to local labour markets, and freedom to keep financial sur-pluses and build reserves.

To become self-governing, hospitals will have, in essence, to demonstrate that they have the necessary managerial skills and have involved medical

■ POWER devolved from regional authorities to districts

and from districts to hospitals.

HOSPITALS free to set own

FINANCIAL incentives to

hospital managers and family doctors to make best use of

■ HOSPITALS encouraged to

run themselves independent of health authorities and be man-aged by Hospital Trusts. Able to sell services to health authorities, family doctors and private hospitals. Essential ser-

vices guaranteed.

• HEALTH authorities able to shop for the best value for money and quickest treatment

■ 100 new hospital consultants

to belp cut waiting lists and shorten junior doctors' hours.

CONSULTANTS controls

a recent Monopolies Commis-

between customers in its pric-

the offer of interruptible con-

tracts and to have negotiated

lower prices only with those customers which could easily

switch to a different type of

The commission recom-

mended that stronger efforts

should be made to encourage competition in the industry

and that British Gas should be

ohliged to stick to a published tariff schedule for industrial

As a result of these recom-mendations the revised licence

conditions say that British Gas must set out the basis on which it will charge other par-

ties which want to use its pipe-

This document is intended to

Mr McKinnon said yesterday

that in a normal commercial market it would be intolerable

have to beat.

It was said to have restricted

ing policy.

hospital funding is that indi-vidual hospitals should receive money "more directly for the volume and quality of the ser-vices they provide."

Beside this approach stands the Government's proposal to encourage the practices of fam-ily doctors — known as general practitioners — with at least practitioners — with at least 11,000 patients on their lists to become budget holders, able to hny a range of services for their patients' from public or private acurces. The cut-off practice size is doubla the patients of the cut-off practice size is doubla the

national average.

"It is essential that practices are abla to manage their total expenditure, without denying services to their patients," says the White Paper. "It is also important that they do so in a way which enables them to negotiate the best deals." If the idea works it could

self-government will "encourage a stronger sense of local ownership and pride, building on the enormous fund of good-will that exists in local communities." Critics counter that local ownership is best represented by the local authority representatives, who will be leaving district health authorities. If the idea works it could become an agent for a change of attitude in the NHS, with doctors and their patients selecting hospital treatment on the basis of quality, convenience and cost. However, most doctors would admit that their skills do not extend to negotiating the best deals.

The White Paper leaves intact the fundamental principles of the NHS, measured in There are fears in the health-service that self-government may prove the first step towards removing some hospi-tals from the NHS entire-

ples of the NHS, measured in terms of being a national service, free at the point of deliv-ery and funded mainly out of

But there is more to it than that. By beginning to dismantle the central bureaucracy of the NES and devolve decision-making to the points of deliv-ery – hospitals and family doctors - the Government is establishing a shift of empha-sis on which it can build. Last year's bitter House of

Commons exchanges between the Prime Minister and Mr Neil Kinnock, the opposition Labour leader over health ser-vice funding were largely meaningless to chunks of the British public, because they were conducted at the level of thousands of nurses recruited and billions of pounds spent.

The White Paper will make questions of health care cost much more individual. Hospital doctors, nurses, health ser-vice managers and - under the proposals for GP budget holders - the patients will all have to become far more personally aware of the cost of treatment as the proposed changes take High political stake rests on speed and ease of the reforms

By Philip Stephens, Political Editor

THE INSTANT reaction at Westminister to yesterday's
White Paper on the NHS was
predictable enough
Mr Kenneth Clarke, the

Mr Kenneth Clarke, the Health Secretary, won warm if not quite rapturous support from his own backbenchers for the proposed reforms and attracted another strident attack from Mr Robin Cook, his Labour opposite number.

The Labour health spokesman made it clear that his central charge that the Covernman make it clear that his carr-tral charge that the Govern-ment was preparing the NHS for privatisation would be repeated as the reforms were implemented in the run-up to

That is the timetable that Mrs Margaret Thatcher, the Prime Minister, has set to break decisively with her reputation of the last 10 years as a relactor of the last 10 years as a reinctant guardian of the health service.

The political states are high. Labour sees public concern about the health service along anon the health service along with the impact of the poll tax as key vote winners in the election due by 1992. But if Mrs. Thatcher can transform the Government's image she will close one of the last visible chinks in her still seemingly

impregnable electoral armour.
The outcome of the debate seems likely to depend crucially on two factors: on how radical and rapid the changes turn out to be, and on whether Mr Clarke wins sufficient extra cash from the Treasury to smooth their implementation. On the first of these, Mr Clarke's statement appeared to give conflicting signals. He first stressed that the reforms first stressed that the would be evolutionary rather "They than revolutionary. "They reflect a change of pace rather than any fundamental change of direction", he said. He also insisted, though, that the pro-posals "add up to the most foridable programme of reform

in the history of the NHS".

There is a suspicion – that
Mr Cook is determined to nurture – that the Prime Minister sees the reforms as setting the framework for a further overhaul of the NHS after the next election. Mr Clarke, however, has made it clear over the past few months that his aim is to



of roughly the same NHS.
Indications from Government MP's suggest that the latter approach, for the moment, is most in time with the view of Conservative MPs.
Some Tory MPs worry that widespread opting out by hospitals could weaken the comprehensive character of the NHS; Some also worry that constraints on family doctors' spending might also serve as spending might also serve as an electoral irritant. Mr Clarke sought to re

them on both counts, but will probably have to offer more than words. His supporters will want to see how much extra money he can secure from Mr John Major, the chief Secretary to the Treasury, to ensure that the changes are not accompan-ied by bospital bed closures and angry notices in doctors'

waiting rooms.

Mr Clarke is said to be pre-paring a large bid for forthcom-ing the round of spending negotiations, but he will need to secure perhaps an extra £1bn for the two years before the election to maintain the pace of recent spending. The cost of the reforms would be on

top of that. With another massive budget surplus in prospect for the next financial year and large sums tucked away in his contingency reserve, Mr Major will finds such demands hard to

## Amex credit card launched in UK

By David Barchard

AMERICAN EXPRESS today launches a credit card for the first time in the UK, alongside its traditional green charge

The new card, known as Optima, will offer customers much larger amounts of credit than available on other cards. Holders will have to pay an annual fee of £10, which is the first time a charge has been introduced for a credit card in

"This sort of card is not so as for buying video cameras or skiing holidays in the Alps," said Mr Steven Goldstein, American Express's UK presi-

He said that Optima had been created because of the large number of customers who bad asked for a credit facility on their cards.

Optima will give its holders access to levels of credit well above those easily available on existing credit cards. The mini-mum credit limit will be £2,500 and Mr Goldstein indicated yesterday that substantially higher limits would be avail-

The card has been in circula-tion in North America for the last two years. Only American Express card holders of at least

gradustes was suggested yes-terday by university vice-chan-

cellors as they voiced strong opposition to Government proposals for a system of student loans.

Tha Committee of Vice-

Chancellors and Principals was responding to the Government

policy document in November, which proposed that a system of subsidised commercial loans

sbould cover part of a stu-dent's maintenance from Octo-

one year's standing and, as the company puts it, "a record of prompt payment", will be able to apply for it.

It will differ from the the company's charge card in that bolders of Optima will only have to make a minimum repayment of 5 per cent of the balance ontstanding or £20, which ever is the larger. On the charge cards, the balance has to be paid in full each month.

an annual interest rate of 13 per cent. This is nearly 10 percentage points below interest charges on major credit cards such as Barclaycard and

The banks claimed yesterday that they were unperturbed by the appearance of Optima. "American Express has a much smaller customer base than any of the main credit card issuers," said one card issuer.

"We estimate that it has around 750,000 cardholders, whereas Access has 13m customers and Barclaycard about 9m customers. So Optima's effect on the larger cards is likely to be very small. But it will increase competition in an already very competitive mar-ket." he said.

In announcing their conver-sion to the idea of a tax on

graduates, the vice-chancellors explicitly recognised that "the beneficiaries of higher education should make a financial contribution towards it."

They suggested that graduates on higher than average earnings should pay an addi-

tional amount on their income tax or ustional insurance over

a finite period, perhaps 10

# Industrial gas customers face Unpaid balances will carry uniform choice of contracts

By Max Wilkinson, Resources Editor

THE VEIL of secrecy over British Gas's prices in the industrial market is to be lifted soon, Mr James McKinnon, the Government's regulator for the

industry said yesterday.

Mr McKinnon, director general of the Office of Gas Supply, was commenting upon an agreement reached with British Gas for a change in its licence. This will give him power to supervise it price structure in the industrial mar-

The new price structure, which comes into operation after comments have been received from interested par-ties, is designed to foster com-petition in the industrial gas

The new rules will oblige British Gas to publish a schedule of prices for customers with different requirements. Customers will have the option of several different types of contract within different price bands related to the volume of

gas purchased. However, all customers with a similar range of require-ments must be offered the same choice of contracts. Individual negotiations will no longer be possible.

Prices will be set by British Gas and it may change them. But prices for any class of customer may not be altered more than once in any 28-day period without the permission of the

The new rules state that British Gas must meet all requests, as far as reasonably

possible for so-called "interrupreveal its prices to competitors, tible supplies of gas.

This means that companies while the other parties were able to retain their confidentimay ask to be given a lower ality. But British Gas had a tariff, in return for agreeing monopoly. that supplies may be cut off at

If the arrangements which had now agreed with the com-pany succeeded in promoting times of peak demand. These arrangements are usually made by companies with altercompetition from oil companative supplies of fuel, usually nies or other suppliers, the new conditions could be with-British Gas was criticised in drawn. Otherwise they would last for five years. sion report for discriminating

A separate study on British Gas's purchasing of supplies in the North Sea was due yesterday to be sent to Lord Young, the Trade and Industry Secre-tary by the Office of Fair Trad-

The Monopolies Commission suggested that British Gas should be allowed to buy no more than 90 per cent of any new gas field.

This was opposed by the oil industry, and the OFT has been charged with finding a way of implementing the

When British Gas was privatised two years ago, the Gas Act provided that the company should operate as a monopoly in the domestic market under licence and subject to the regu-

However, it was given freeallow potential competitors to calculate their costs. They will dom to operate as it wished in the commercial market. The also know what prices they change in its licence agree-ment will bring the regulator into the industrial market although Mr McKinnon said he had no wish to interfere in the for one company to have to

# **cuts 470**

It blames the losses on the

The company said: "This further cut in employee levels has been made necessary by the running down of the exist-

of refusing to provide interven-tion funds until Harland and Wolff has been returned to the

last August.

England as a centre for advanced manufacturing was launched yesterday at the Nis-san car plant near Sunderland.

Simpson's, the Piccadilly, London, clothing store, is to accept account cards issued by Takashimaya, the best-known Japanese department store group.

Takashimaya has 1m card

It is an unusual move. Although credit card issuers have international links, and some store cards are accepted in places other than the issuer's outlets, it could lead to a particular store card becoming an internationally-accepted

ing an internationally-accepted charge card.

Daks Simpson, the parent of Simpson's, has signed an exclusive agreement with Takashimaya, which is a long-standing customer of the Daks clothing business.

Daks is the leading UK clothing brand in Japan.

Alcan expansion British Alcan, the aluminium group, is to invest £6m at its Scottish rolled products factory at Glasgow.

# Shipyard Calais joint venture opened up by tunnel

By Paul Cheeseright, Property Correspondent

France, in one of the first tangible signs of Anglo-French commercial co-operation to exploit business opportunities opened up by the Channel tun-

Calais Town Council has selected Arlington Securities to develop a business park and retail centre on the outskirts of the town. The development would have a completed value

It comes against the back-ground of efforts by the local anthorities concerned to devise plans for greater economic co-operation and promote com-mercial operations spanning

both sides of the Channel.

The Arlington deal was reached in Calais yesterday. No financial details are yet available but it appears likely that the Town Council will lease Ariington the 110 hectares or so of land necessary for the development and probably take some share of the rental and sales revenue.

Selection of Arlington by the Town Council follows visits by Calais officials to examina business park developments in the UK, a sector of property development where British practice is thought to be more advanced than French.

A BRITISH property group has each side of Route Nationale 1 been selected to develop a com-at the point where the road mercial site in northern divides to feed the port of Calais, the town itself and, eventu-ally, Eurotunnel. Site planning for the business park on 80 ha and the retail centre on 30 ha, to provide nearly 100,000 square metres of shopping space, will take the rest of this year and construction should start in 1990.

By that time the talks between the local authorities in Kent and Nord Pas du Cal-ais will have resulted in submissions to the European Commission in Brussels, for special aid to be allocated to commercial projects and training involving the two regions. Reg-ulations will be drawn up allowing funding by the Euro-pean Regional Development Fund for such projects as the Calais-Arlington venture.

Should the project attract funds from the European Com-munity, the aid would most likely help to cover the costs of site preparation Trust House Forte, one of Britain's biggest hotel chains, warned yesterday that UK con-tractors were in danger of los-

`\*. .

ing their domestic markets to continental European competidevelopment where British practice is thought to be more advanced than French.

Arlington is a leader in the field, with properties across and Italian companies offering the UK. The Town Council did not ask any other company to tender for the project.

The site is split into two on to the project.

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The site is split into two on to the project.

The site is split into two on to the project.

### Minister decries paucity of language skills in industry

By David Thomas, Education Correspondent

BRITISH employers should pay workers with language skills more in the run-up to the cre-ation of the single European

market in 1992, a Government market in 1992, a Government minister urged yesterday.

Mrs Angela Rumbold, Educa-tion Minister, was speaking in London to a Confederation of British Industry conference entitled "Languages mean

The minister decried the indifference of business and industry to the importance of foreign languages." "Our attitude to learning for-

eign languages has to change," she said. "1992 will expose the inadequacies of our attachment to English."

compulsory for 11-16 year olds to study a foreign language under the new national teaching curriculum and by encouraging schools to broaden their language provision beyond the traditional French.

However, Mrs Rumbold told conference delegates that employers and managers also had a key role. "You should give languages a high profile in recruitment policy; you should identify and reward language skills already in your workforce and develop and implement traffiling strategies and ment training strategies and policies for your staff." The minister said she was

depressed by bow few joh ment to English."

The Government was in, or willingness to learn a playing its part by making it foreign language.

# Industry authority concerned about high prices, poor transport and dirty facilities Britain 'could lose place in tourism league'

By David Churchili, Leisure Industries Correapondent

The opposition of the vice-chancellors highlights the used to fund future students.

Tax on graduates urged

A SPECIAL tax on university graduates was suggested yesterday by university vice-chan-

to fund student costs

By David Thomas, Education Correspondent

THE GROWTH of Britain's forecast 15m users in its first buoyant tourist industries in the 1990s could be threatened by high prices, poor domestic transport and dirty leisure facilities, the British Tourist Authority warned yesterday.

The BTA said that after another record year for tour-ism in 1988 – when 15.9m over-seas residents came to the UK and spent £6.4bn excluding air-fares - It expected a sharp growth in both earnings and numbers of tourists by 1993. By 1993, the BTA expects a

bers to 19.9m and more than a two-thirds increase in the amount spent to £10.8bn.

25 per cent increase in num-

year of operation, is likely to "have a swift and enormous impact on British tourism," it suggests.

But Mr Michael Madlicott the BTA's chief executive, said yesterday that "unacceptable levels of litter and pollution" could lead to a lower growth

"Britain is in danger of both pricing and dirtying itself out of its place among the world's top five tourist countries," he said.

He also strongly criticised domestic transport facilities. "Many trains on the rontes The Channel Tunnel, with a from seaports are interior," he said. "Often there is no co-ordination between ferry and rail services and there is a drastic lack of baggage bandling and passenger reception facilities at some of our seaports."

Airport delays, together with expensive fares on domestic flights and the high cost of entry visas, were also causes of concern, be added. The BTA believes that

Britain is increasingly in fierce competition with other coun-tries for a share of the world travel industry. "International travel is predicted to become the world's biggest industry by the end of this century and more and

more countries are looking to tourism to replace other indus-

tries which are in decline," said Mr Duncan Bluck, the BTA's chairman. The BTA yesterday outlined its plans for the next few years in a document called "Strategy For Growth - 1989 to 1992."

This suggests a number of marketing initiatives to encourage tourism, aimed in particular at encouraging growth from the US, Japan, and northern European and northern Europe. The BTA expresses concern, however, that its efforts may be hampered by the results of

an internal review of its functions hy the Department of The findings of the review are dne to he announced

shortly and could recommend that the tourist industry itself plays a greater role in funding the BTA and English Tourist Board, with less financial support from the Government. The Authority's concern was intensified by the Department's decision earlier this week to suspend the film grant made available each year for London tourism projects.

BTA's activity was "mission-ary work" which it carried out

Mr Medlicott yesterday pointed out that much of the

"It is difficult to attract fund-ing from partners for this type of pioneering activity until strong demand is developed,"

# more jobs

HARLAND and Wolff, the state-owned Belfast ship-builder, has confirmed a further 470 redundancies at the yard, Our Belfast Correspondent writes.

Government's so-far abortive efforts to find a buyer for the

ing work-load and our inability to take on new work until pri-The statement is a reference to the Government's policy

The latest losses are on top of 550 redundancies annouced

Job creation plans Government plans to bring jobs to the Sunderland area of north east England after the closure of North East Ship-builders' two yards, are expec-ted to be outlined today. A campaign to establish the Wearside area of north east England as a contra for

Store card deal

The money will be used to modernise and upgrade the foil rolling mills which were installed in the 1960s.

SUPPOSE you are being interviewed as a shot-listed candidate for an atactive seeming job that is eldently yours for the askig. The employer's representative has already made prin that the company likes hat you have to offer it, at is now spelling out what I has to offer you.

offer you.

After detailing he pay,
car and other usual ensities,
however, the intrviewer
adds: "And if wewere to

adds: "And if wewere to dispense with younservices, your contract woul entitle you to receive pressional counselling as ahelp in reestablishing your areer."

Would that welation make you more idined to take the job than on were beforehend, or less.

The Jobs columi for one, would be put off, y dislike of the very ide is not entirely rational. Its rooted in a feeling tht what employers and recits enterls not only a legicontract, but a human relamating in which emotion sevitably plays an importangert.

That is not treat they

That is not tesay they should enter the lationship starry eyed. I have no doubt that it is sensib for both parties to an increiew to keep in mind hat new appointments are always apt to go wrong, justs it is for brides and bride pouns to be and shorter still. Because of

tunni

But the second

aware of the possibilities of divorce. All I do doubt is that in either case the prospects of success could be improved by specifying the severance terms before the knot is tied.

But I cannot ignore the mounting evidence that my attitude – which admittedly dates from when executives commonly spent their whole working life with the same company — is rapidly being outmoded by change. Take for instance the survey of employers which is published today by the management consultancy arm of Grant Thornton (copies can be had from Brian Lancaster at Kennedy Tower, St Chads Queensway, Birmingham B4 6EZ; tel 021-236 4821).

The consultancy interviewed the chief executives or personnel directors of 50 companies in Britain; mostly large. A third of them had more than 10,000 employees, another third upwards of 5,000, and only about one in 20 had fewer than 1,000. Their revenues ranged from £12m to £1.7m a year.

A good three quarters of the top managers believe dates from when executives

A good time quarters of the top managers believe that, even given a thriving economy, further advances in technology and industrial reorganisation will make the

that belief, the survey report says, they had a more caring attlinde towards people who might have to be discarded than was typical of top managers not very long ago.
For example, while over
half liked to get the discards
off the premises immediately.

more than four fifths thought it only right to keep them on the payroll, in nearly a quarter of cases for as long as six months. Four in every five already paid for staff they dismissed to receive counselling – surprisingly. 55 per cent of the recipients were aged under 45.

Moreover the survey found "growing interest" in the practice, which I'm told originated in North America, of building an entitlement to counselling into initial contracts of employment. Although only three had actually done so to date, a dozen more were minded to dozen more were minded to follow suit.

follow suit.

So it may well be that executive job-seekers will increasingly find themselves being advised in interviews of the kindness the company they have not yet joined will confer on them in the increasingly likely event of its throwing them out. In which case, the traps already faced by job-seekers seem bound to become yet worse. bound to become yet worse.

After all, candidates

might well get themselves rejected as curmudgeonly if they failed to greet the offputting announcement with a grateful smile. Equally, if they appeared to welcome it too heartily they would be apt to be ditched as overly

Probably a still better means to the same end, would be for people seeking jobs with a company that does not offer the entitlement to ask to have it among their perks. Even so, remembering how cartain prospective employers in my younger days reacted when I inquired about pension arrangements.

I feel it might be worthwhile doing just to see the look on the interviewer's face.

### Counsellor

APPROPRIATELY as it turns out, the first of today's job openings is for a counsellor in an outplacement concern. It is Pauline Hyde and

Associates, now part of the Scottish Television group.
Candidates for the post in London should have been successful senior managers with full responsibility for profits, have worked for at least three companies - the broader the range of their businesses, the better - and be demonstrably good at communicating with and

motivating people with a high executive's mentality. Salary indicator is £30,000, and although the experience requirement appears to call

for someone of mature years, the perks include pension scheme and health insurance as well as a car.

Inquiries to deputy managing director Leslie Robinson, 20 Lincoln's Inn Fields, London WC2A 3ED; tel 01-242 4875, fax 01-404 5077.

### Go-getter

THE NEXT job, a part-time one, is for somebody even maturer. It is being offered by Brett Bull of the March Consulting Groop on behalf of a national asset for which the Jobs column, like a lot of

the Jobs column, like a lot of other people who come from Manchester, will be forever thankful: the celebrated Hallé Orchestra.

In its 132nd year of life, it is seeking an appeals director to lead its effort to raise £25m. The sort of person it has in mind is a bundle of energy who has retired from energy who has retired from high position in industry or commerce recently enough to have good connections with current top executives. The post is expected to require about three days hard work a week for the next 18 months

be no more than £15,000, the director will receive a bonus on results.

Inquiries to Mr Bull at 33 King Street, Manchester M2 6AA; tel 061-834 9720, fax 061-832 7039.

### Sales chief

NOW to a headhunter based in Switzerland offering a job in London. He is John Steele of the Manserv consultancy. and his quarry is a sales director for a company supplying computer software and peripherals to shops and other distributing concerns as distinct from directly to

the consumer. As he may not name his client, he promises to respect requests not to be identified to the employer at this stage.
The newcomer will be responsible for building on

the £35m worth of busine currently generated by the 25-strong telephone-sales team. Candidates should be professional sales managers who have led a successful tele-sales operation, not necessarily in the same field. Salary about £40,000 with bonus expected to add at

least another £10,000. Stockoption and car among perks. Inquiries to Mr Steele at Glarnischstrasse 42, 9500 so. Weil, Switzerland; tel (41) 73 Although the salary will 237 644, fax (41) 73 233 953.

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The demand for high calibre acquisition specialists continues apace. Opportunities exist within the pre-eminent U.K., European and U.S. financial institutions for individuals with at least two years' acquisitions related experience, which may have been gained in the following fields:

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Contact: David Stewari, Divisional Manager, Hill Samuel Assessment Services Ltd, City Division, 2nd Floor, international widings, 71 Kingeway, Londo WC28 6ST. Tel: 01 242 1551.

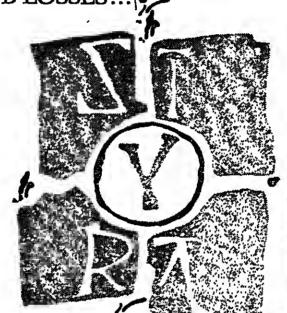
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Manager

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Reporting to the Head of Banking Relationships in London, the incumbent will assist in developing UK and European counterparty relationships of the firm, development of new vehicles for financing and credit-related rades, and representing the Group to the banking community and customers. The candidate secred will also be expected to negotiate, arrange, document and maintain borrowing and lending credit facilities with institutions with which links are developed.

Cur client sesthis position as a long term commitment to its activities in this area and seeks an individual who will share that view. The successful candidate should have the ability to deal with people at all levels. Likely be an experienced commercial banker, he or she will need to demonstrate a thorough understanding of credit and bank operations. Ideally aged in their early to mid lifties they will have the essential characteristics of enthusiasm, presentability and drive linked with the desire to assist the firm in maintaining the quality and longevity of the Group's relationships. The firm's interest in the European briking community means that fluency in one or more foreign language is highly desirable although not essential.

In view of the importance attached to this position, our client is prepared to offer a highly competitive salary accommend by a performance related bonus and a comprehensive array of banking benefits.

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> Financial and Personnel Services. Humberside College of Higher Education, Cottingham Road, Hull HU6 7RT Tel: 0482 45199. Telex 592717 Hamcol G

There is no application form, but letters of application, together with three referees, are required by 22nd February 1989.

The Director-designate, Roger King, will be happy to discuss the post with prospective applicants (0482 492729). Humberside County Council working towards Equal Opportunities.

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For further details of the above positions please contact Jon Michel on 01-583 0073 or 01-673 0839 (evenings and weekends) or write to him in complete confidence at:

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Please quote ref; 267/FT. Closing date - 15/2/89.



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**CORPORATE FINANCE** 

Milsubishi Benk, Limited. Due to expansion opportunities have arisen for two persons to ement our existing Legal Affairs/Documentation learn, reporting to the Company's General Counsel.

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FINANCIAL TIMES WEDNESDAY FEBRUARY 1 1989

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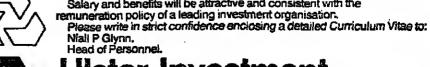
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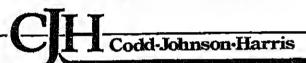
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### MANAGEMENT

International alliances

# Powered by a ten-tonne thrust

Paul Betts and Anatole Kaletsky assess the roles of the two partners in GE's 'oldest, biggest and most successful joint venture - making aero-engines with Snecma of France

hen Britain's Gen-eral Electric Company announced series of joint ventures with America's unrelated General Electric (GE) and with West Germany's Siemens last month, there was a natural suspicion among shareholders that GEC's Lord Weinstock was giving most of his comaway to its international 'nartners'

Considering how many inter-national joint ventures have turned into takeovers by stealth, it would be rash to dismiss these misgivings. Yet one of the few international alliances which can genninely be described as an equal partner-ship also happens to be GE's biggest, oldest and most suc-cessful joint venture: CFM International, the aero-engine husiness owned in equal shares by GE Aircraft Engines and

Snecma of France. CFM demonstrates that international joint ventures can sometimes prosper without submerging the technical and managerial creativity of either side. It also suggests some stringent conditions for such a ntopian outcome - not least a level of mutual trust, financial flexibility and patience which may be hard to match in the

GE's alliances with GEC. CFM is today the world's leading manufacturer of civilian aircraft engines, with annual revenues of \$20m, and an order book worth \$6.30m, representing 46 per cent of all the commercial engines currently on order in the Western world. It is a business with an unusual history and manage-rial structure — both of which seem to have contributed to its

However, CFM's beginnings could not have been less auspicious. It was a single product company - and that product seemed to have no market. The enterprise was first mooted in 1971, when the French Government urged the state-owned Snecma to design a 10-tonne engine of 20,000 lbs thrust for a new small European aircraft.

Snecma's search for a partner was essentially a process of elimination. Before going to GE, it approached the world's two other leading aero-engine

am's Gen-tric Com-had the advantage of being (GEC) European, and Pratt & Whitney, which was at that time the overwhelming industry leader. It was rebuffed by both companies, which did not share its optimism about the engine's glittering promise.

But Specma had been a successful subcontractor on GP's large CF6 engines which were used to power the first A300 Airbuses; there was also a personal friendship dating back to the Second World War between the two companies' heads. René Ravaud, a one-armed French resistance hero, and Gerhard Neymann, a legend-

ary US Air Force man. For GE, the decision to get involved was motivated partly by its weak position in the civilian market, but more so because it was already developbecause it was already develop-ing an engine for the US Air Force's BI bomber. The BI's gas-turbine core was ideal for a ten-tonne civilian application. GE saw the possibility of com-bining this core with a low-pressure front end to be designed by Snecma. By the time CFM was offi-

By the time CFM was offi-cially formed in 1974, the Das-sault aircraft which the French Government had hoped would be powered by the new engine had nearly been abandoned.

Meanwhile, Airbus Industrie, the European airliner manufac-turing consortium, decided to build the A310, a wide-bodied aircraft which had no use for the one product the joint venture had on its drawing board, the 22,000lb thrust CFM56. As a result, the fledgling

company did not win a single order from 1974 to 1979. For five years, we had an engine with no buyer," says Jean Bil-ien, the Snecma executive now on secondment in Cincinatti as CFM's presiden

When CFM did finally land some business, it was of the most unglamorous kind - providing new engines for ageing McDonnell-Douglas DC&s being converted from passenger to cargo service, a far cry from the original dream.

But this 11th-hour rescue was transformed into a commercial triumph by Boeing's decision in the late 1970s to build a new generation of small narrow body aircraft.

The rapid increase in short-haul air traffic in the 1980s, as a result of deregulation in the US, made the revamped 737 the best selling aircraft in history - 1,100 have been sold since 1982, all with CFM56-3 engines,

a variant of the original. In the end, therefore, the French faith in the 10-tonne engine was amply justified, but this was by no means obvious even in the early 1980s when CFM decided to develop

There are still significant technologies which the two partners do not reveal to each other. "We are here to make engines and sell them."

another version of the engine for the A320 Airbus.
The division of labour between the two partners did not come about entirely inten-tionally. The US Government's refusal to allow GE to share the top-secret design of the B1 engine core with the French gave the partners no choice. As Brian Rowa, the hluff Englishman who now heads GE Aircraft Engines, describes it: "We had a hell of a problem getting the US Government to let us use that core. In the end

it had to be resolved by Nixon talking to Pompidou directly. They agreed that GE would not give Snecma the technology inside the gas generator."

And to this day, as the CFM56 goes into its fourth major redesign - in order to power the A340 long-range Air-bus in the mid-1990s — there are still significant proprietary technologies which the two partners do not reveal to each other. "We are not here to

exchange technology - we are

here to make engines and sell

them," says Bilien. That statement illustrates one of the main reasons for CFM's unusual success. The joint venture's objectives are narrowly and clearly defined and these objectives impose minimal constraints on the two partners' managerial indepen-

CFM's sole purpose is to develop, build and sell one par-ticular range of engines. Both GE and Snecma are free to work on other projects. GE does in fact produce two other ranges of civilian engines, both with Snecma as a significant

subcontractor.
But neither of these projects competes directly or indirectly with CFM. The absence of competition between the partnership and its two owners is the point which Snecma and GE officials stress most strongly in explaining CFM's success.

They contrast this clean-cut relationship with the IAE joint venture created four years ago by Pratt & Whitney, Rolls-Royce and five other companies. Not only do Pratt and Rolls have engines which compete with each other, but each of them also competes indirectly with the planned products of IAE.

But what seems even more important about the CFM structure is the way in which it ensures a strong commit-ment from both partners without interfering with either company's internal manage-

CFM International itself is no more than a small secretariat, with just 50 employees, working in a small office build-ing half a mile from the huge GE Aircraft Engine plant in Cincinatti. "We do nothing here - I have no design centre, no sales office, no product support," Bilien points out.
All the design, manufacturing and selling of CFM56s is

carried out by hy employees of GE and Snecma, working within the established management structures of the two parent companies. CFM's sole function is to act as "an unofficial project manager", co-ordin-ating the two companies' production plans and order books and acting as a forum for those decisious which have to be made jointly: pricing, product development and the allocation of work for successive projects. Ultimate decisions on all of these go to Rowe, the head of GE Aircraft Engines and Bernard Capillon, president of

Snecma. Thus, on a day-to-day basis. the CFM structure allows GE and Specma to run their own

independent operations, almost like subcontractors. Yet it gives each a veto over strategic decisions.

This combination only seems workable because of the strong commitment of both partners and the extraordinary degree of trust hetween them. The fundamental principle on which the whole venture rests is 50-50 sharing of both revenues and expenses. But, while it is easy to split sales reve-nues in half, dividing expenses accurately could easily have become a cost accountant's nightmare. Surprisingly, it does not seem to cause much

Both sides seem content with a rough and ready physical division of labour without haggling too much about its precise monetary value. Essen-tially, GE builds the gas turbine cores and Snecma builds the low pressure outer parts of the engines. They are then put together in GE's assembly plants in the US and Snecma's in France.

Although productivity differences, changes in labour costs and currency fluctuations could make a dramatic difference to the actual costs sustained by the two partners, they do not seem to play much part in their calculations. For instance, the devaluation of the dollar against the franc in the past two years is thought to have virtually wiped out Snecma's profit margins and has certainly mada CFM far more profitable for GE. Yet arguing about each other's costs and seeking monetary compensation seems quite alien to the spirit of CFM.

"Basically, we've got a cer-tain amount to huild and we work hard on getting our part done at minimum cost," says Rowe. "We don't really worry what their part is costing them or how much profit they're making. If currencies move too much, we might give them a little bit more, but it is all pretty informal. If we had to pull the contract every time the dollar moved, we'd be in deep trouble."

Can GE expect a similar informality in dealing with Lord Weinstock? Can leopards change their spots?



Jack Weich; takes a hand in the strategies of GE's many businesses

### GE and GEC: who will be the driver?

or the top managers of the new GE-GEC joint ventures, one of the thorniest issues from the out-set will be whether their two parents will try to apply their very different corporate styles in parallel towards the ventures, or whether one will have to give way to the other.

Whereas GEC managers are used to a head office style which is focused largely on financial performance, with very little involvement in the development and review of strategy, their GE counter-parts left that environment hehind in the early 1980s when Jack Welch became chairman.

With two strong deputies, each of whom has considerable operating experience within several GE companies, Welch forms a "corporate executive office" which frequently chal-lenges the strategies of the husinesses heneath lt. This "CEO", as GE confusingly dnbs it, is aided by a high-powered corporate strat-egy department staffed by bright young ex-consultants.

In other ways, too, the strategies of individual GE husinesses are constantly guided, challenged and reviewed by head office. In Europe, several GE businesses, (and sub-busi-

nesses) are also subjected under direct or dotted-line responsibility - to the searching strategic eye of Paolo Fresco, the group's powerful senior vice-president, international, who has played a major part in GE's recent European expansion in medical electronics and other businesses.

GEC's very contrasting hands-off" approach to strategic involvement in its constituent businesses has, in recent years, brought its corporate style under growing fire from analysts and consultants for being too narrowly focused on financial control.

In a controversial study of the UK electronics industry last year, McKinsey & Co com-plained that at GEC (and other UK electronics companies), wbat it called "numbersdriven rather than issne-driven planning" bad reinforced a focus on short-term results, rather than on the long-term investment needed to create new businesses and achieve strong global positions in existing

Indications have already emerged that, regardless of whether it or GEC holds official management control, GE expects its style to gain the

upper hand in joint ventures which involve what it regards as its core businesses. Within days of the deals being announced, Paolo Fresco said that GE had already mapped out a strategy for continental European expansion by Hotpoint, the appliances venture over which GEC will have formal management control.

Behind GE's corporate style lies a commitment to decentralised operational management, and the delivery of short-term financial performance, that is at least as strong as GEC's.

The difference lies in Jack Welch's belief that GE's corporate centre can only add full value to its constituent businesses, and thereby justify its control of them, if it has a hand in the development and application of their strategies. In McKinsey's jargon, GEC acts almost exclusively as a "controller" towards its constituent businesses, while GE operates either as a strategic "coach" or as a full-hlown "orchestrator".

There is a world of difference between the two companies' styles. They will not make easy bedfellows.

Christopher Lorenz

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olin Coulson-Thomas, 39, is a public relations consultant and an academic. But, has opted to work from home. Yet his set-np does not fit the commoo image of home-working – that of a low-wage cottage industry. From his south London home, he com-bines the lico's share of his previously full-time PR job at Rank Xerox, the electronics company, with a similar job for the British Institute of Management. He is also a ceotre direc-tor for Aston Business School, in Birmingham, and general secretary of a charity. Although Coulson-Thomas is

still atypical, teleworking -also called telecomputing - is winning converts because it can help companies to retain skilled staff while cutting costs. Breda Robertson, of IT World, consultants in "remote working", says that in the past three years company interest has been spurred on by worries about recruitment, as the number of school leavers falls.

"Up to 1986 there were only a few employers using teleworking and we had to seek out

Teleworking entails the use of computers or word processors outside the normal office environment. According to the Henley Centre for Forecasting, in London, home working is suitable for professional and management tasks which are mainly analytical and self-contained, administrative and cler-

ical work. Employers make savings on overheads, snch as office space, heating and maintenance; and there can be economies in salaries if the work is moved to staff who live away from the main skill shortage centres, such as London. (Companies often pay £3,000 or more in London weighting allowances.)

It can also make for more efficient use of employees' time. This is one of the benefits mentioned by Jim Philips, per-sonnel officer at the computer company, Bull HN Information Systems (formerly Honeywell Bull), which began a telework-

ing scheme in October.

With home workers we believe there is a lack of disturbance, so that out of a two-hour work period the worker will probably do 1 hr 45 min of real work," says Philips, "In the office someone will only actually work five hours out of a 7%-hour day because of all the interruptions."

There are other less tangible



# Throwing a line into a companies to explain to them what it was. Now we find employers are seeking us to get information," she says.

Della Bradshaw explains how technology is helping companies to employ people long-distance

benefits, such as not having to commute to work. Coulson-Thomas reports that four hours a day of commuting helped him decide to telework. Robertson believes that tele-working will eventually

become an integral part of most companies' operations.
"It's a long way off, but I think the time will come when all companies will have to offer the option of working from how It will be the option of working from home. It will be a company perk - an alternative to the company car."

Interest in teleworking is anything but a UK phenomenon. A report conducted for the European Commission by Empirica, the Bonn-hased research organisation, which will be published later this year, shows that in some European countries np to 60 per cent of decision-makers would be interested in employing teleworkers. The most positive response came from Italian managers and the least posi-tive (35 per cent) from UK ones. However, the Henley Centre report concludes that more than 4m people in the UK will be doing work from home

need a computer terminal, per-sonal computer (PC) or work-station; a telephone; and a modem. The modem translates the digital ontput of the com-puter into an analogue format which can be transmitted by telephone. A modem attached to the recipient computer then translates the message back into digital form.

lthough modems have in the past been unreliable, improved error correction techniques and increased speed now make sure that most data arrives quickly and color for heavier data and safely. For heavier data transmission, public packet switched networks, designed to carry data not voice traffic, are more effective. Packet switched services which can be dialled-up in the same way as an ordinary telephone call will be available in many European countries this year.

Computer programmers or clerical staff, who need a con-stant flow of information between the home and the employer's main computer are the most frequent users of modems. Other teleworkers

To do their job, teleworkers may use facsimile machines to send documents or have access to public electronic mail services or company databases.
Coulson-Thomas, for example, has access to the Rank Xerox computer network from home or any other place with a com-

patible terminal.

Because of the falling price of PCs – husiness systems cannow cost less than £1,000 – equipping teleworkers has become a feasible proposition for many more companies. PCs can be beyond with a built to can he bought with a built-in modem board, rather than a modem box which must be plugged into the telephone socket and the terminal.

Recent developments in com-munications also favour the teleworker. Mobile telephones give increased flexibility, as does call-forwarding, already available in parts of North America, the Par East and Europe. With call-forwarding, the telephone subscriber can use a special dialling sequence to instruct a digital exchange to redirect incoming calls to another number for a specified

Remote working can have its downside. Although trade

unions have given a cautious welcome to the development, welcome to the development, they are concerned that the inevitable isolation could lead to employees working for longer hours and less money than they would in an office. Norman Willis, TUC general secretary, also warns that workers could lose touch with the company and be passed over for promotion. promotion.

When home-workers for the London-based software house, FI Group, reported a feeling of FI Group, reported a feeling of isolation, the company responded by introducing a series of local work centres where they could do their jobs together. Rosie Symonds, the company's PR officer, says that an FI worker typically divides his or her time between three locations home, the local work centre and clients' premises. And this points to a permitation of teleworking which could appeal more to some companies than the idea of using a scattered set of homeworkers. Some organisations

workers. Some organisations

workers. Some organisations have set up regional offices linked to their headquarters by telephone lines.

One of the most graphic examples of this is the New York Life Insurance Company, the fifth largest insurance company in the US. Because of problems in retaining trained staff in its US offices, that insurance company has now insurance company has now set up an office in Castleisland, in the Republic of Ireland.

Between 10 and 15 per cent

of the company's insurance claim forms are flown from the US to Ireland. There, 70 employees process them by computer and return the work to the company's computer centre, at Clinton in New Jer-sey, over a dedicated telephone tine. The cost-cutting value of the exercise was enhanced by the grants available for setting up in the Republic.

The British Government is considering a similar plan to help regenerate areas of high urban unemployment. The National Economic Development Office (Nedo) is looking for sponsors for Project Frontine, due to be launched in March. This will set up a series of information technology. of information technology work centres in five inner city

Nedo is planning to train more than 500 people in skills which are scarce, such as data processing. They will then work remotely from the inner city work centres for compa-nies based in London and the south-east. Nedo is hoping that this will be one way of show-ing companies the savantages of traversing the UK's northVideos from a vending.machine,

VIDEO Express, of Sturminator Newton in the UK, is offering a video film dispensing machine — via rental, franchise or partnership agreements — which will allow people to obtain cassettes on a 48-hour

The Dorset company's rine Derset company a system complies with the 1884 Video Recordings Act, which seeks to prevent unsulfable films being hired by children. About the size of a soft drinks vanding machine, the unit can hold about 350 cassettes and is based on the use of a customer card

and a four-digit personal identity number (Pin). There are three Pins associated with each card, one for those over 18, anoth for those aged 15 to 18 and another for children under anoner for children under
15. Parents will be
responsible for making knot
only the appropriate Pin to
each child.
If a child discovers the
over-18 Pin, the parent can
thereth it thereth the

etange it through the machine. The system has the edvantage that those over 18 will have to identify themselves to a site man only once, obvisting the usual video shop difficulty of a separate identification for

separate identification for each hiring. The machines will be stocked from the top 40 titles, with several copies of each film. To get a film, the user must have sufficient credit in the machine. Banker's orders will be encouraged with a 10 per cent discount but cash can be inserted. Credit card use with monthly billing might be introduced later, since the

machines are able to

telephone fines. :

A good night's work on back-up

Express central office over

REALSTREAM, of Dorchester in the UK, has developed a system that will provide data back-up storage for computer systems, using an 8 mm video tape cartridge.

The company says that the "need to stay up all night changing reels of tape" has been circumvented, and that the time and cost involved in restoring data when there has been a problem has been a harply reduced. The system is called Goodnight.

By using the same type of



WATCHING Edited by Geoffrey Charlish

"across the tape" (helical) actualing as video recorders, a recording speed equivalent to 150 inches per second is achieved and Goodnight cas accommodate 25n characters

on a single cassette.

The actual speed of the tape, however, is less than 0.5 in per second and the storage cost is jess than 0.5p, per itegabyle (million characters). Goodright can back up a major system overnight on one tape, claims Realstream.

if a problem occurs on the live system, only those files. that have been corrupted will be found and restored. Systems which restore enfire. archives can take up to eight hours just to restore two megabytes, according to the

company, Similarly, the software can cater for quick storage and restoration of specific files from the live system — for example, only those that have changed since a specified data and time.

Keeping up the fax flow

FAX Marketing, of London, has just launched a service for companies that regularly : destinations.
The work can be done for

The work can be done for them by a computerised lacatmile system catled Fax Flow. An in-house design and layout facility, maintains the client's corporate visual style in the documents sent out.

The service can, it is claimed, save up to 60 per cent of the cost of regular information distribution. information distribution. of sending complex:

information to many destinations, especia

they are in different th

CONTACTS: Video Express (UK): 0258 73464. Resistraam: UK, 0305-251071. Fax Marketing: London, 242-4664. Hahn & Kolt: UK office, 0768 77288. Charmilles Technologies: UK, 0789 288000.



WORTH

perficularly where accurate shaped cavilles are called Maleli Ultrasonics, of West Germany, has developed machines that use erosion by ultrasound (sound above sudible frequencies). The machines are available in the UK through Hahn & Kob the UK through Hahn & Kob (Great Britain) of Rugby. Atthough electrical discharge machining (EDM) is widely used for such work, Hahn & Kob makes the point that utbrasses assales are that ultrasonic erceion can be used on materials that are completely electrically non-conductive. (EDM needs an electrical path through the

A sound way to

shape ceramics

modern ceramics in engineering, for example for engine components, has intensified demand for a

THE INCREASING use of

practical means of ma such hard materials,

an electrical pain shrough the work piece.)
Basically, the ultrasonic machines use a fool which is the reverse of the shape to be machined. This is made to vibrate ultrasonically while very small abrasive grains, suspended in a fluid, are fed into the gap between tool and

into the gap between tool and work. The grains are hummered into the work face, hammered into the work too removing material.

to addition, Marfell has developed computer-aided design software to ensure that the tools have the desired vibratory characteristics. This system will also produce automatic machining instructions.

Meanwhile, Charmilles Technologies, of

Technologies, of Strationd-upon-Avon in the UK, says that its research shows that EDM is possible

with ceramics at speeds similar to those achieved with metals. The non-conductive lypes of ceramic can be doped with conductive materials, such as illantum carbide or nitride; although this cannot be done when the machined part has an electrical application.
The relative merits of the

two approaches have yet to become clear. But, as Charmilles points out ceramic machining obvious costly high precision moulds since there is less need to get near to the final shape in the moulding process.

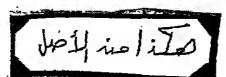
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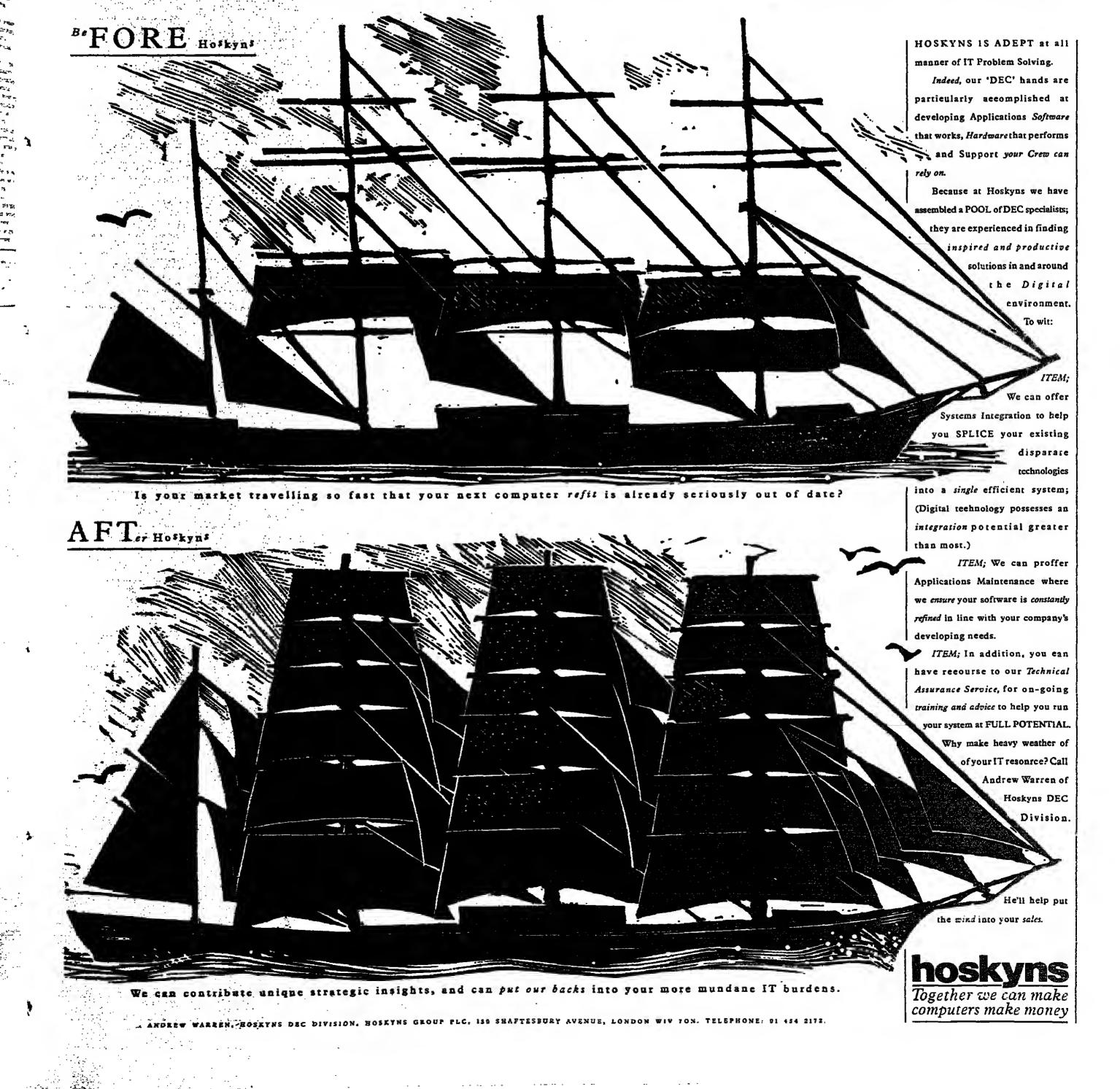
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**Irene Sunters as Dolly** 

### A Man At Yir Back DUNDEE REPERTORY THEATRE

Word was out that Dundee had discovered its own brand new folk dramatist, and that what John Byrne had done for adolescent aspirations in the Paisley of the 1950s, Gordon Burn-side might be doing for senile susurrations in present day

In the event, Burnside's first play, A Man At Yir Back, is a rambling, dramatically inert piece of writing in which Dolly, a 72 year-old council flat ten-ant in carpet slippers, displays what a characterful old Dundonian cove she is for the bene-fit of an implausihly obtuse and incompetent social worker from Plymouth.

A singing postman ("Hello, Dolly") drops by in the first act, a woollen-clad chattering neighbour pops in for coffee drunk from enormous cups ("It's like putting yir mouth at the side of a sink," "I gat them to fit yir gab") and to stash away her £600 of funeral money. Dolly's husband of 50 years, paralysed from a stroke, sits like a silent grey ghost on the sofa before being ordered back to the bedroom from whose Bourne and Holling-There is an attempt to

sworth no traveller returns. impose a thematic unity in the subject of women without men. Dolly lives with the mere shadow of Tommy but that, goes the sentimental proposi-tion, is enough. The social worker (stiffly played hy Joanna Dadd) has just broken up with a married man and is sung to sobbing sleep by Dolly. whose own daughter has brought up a child and made a successful career in spite of being jilted hy her married

lover in Perth.
Miss Sunters' Dolly has the stubby squat vitality of a Breughel peasant, hands stuffed deep in the pockets of a large red cardigan, thick white hair mannishly combed and parted. She is addicted to any-thing starring Cilla Black on television and studies the etymology of names. What oppor-tunities there are for lyrical reminiscence and tough regret she seizes with powerful relish. But the play is most effective

at those moments of caustic,

richly vulgar Tayside expression that enshrine quirks of local dialect and accent. And the presence of a party from a local old folks home in the front few rows on Monday night ensured an extraordinary sense of community in the

Dolly makes regular exits to the onstage loo, but one or two elderly patrons out-did her in that respect. One old dear got up to leave, fell over, went out, came back and shook her fist at the audience. For a moment, Dolly's real life understudy usurped the fictive original.

While we're on lavatoriea, the fover rest rooms are plas-tered with a stylish photo-graphic collage of past Dundee Rep playbills. This is where Glenda Jackson, Nicol William-son, Michael York, Jill Gas-coine, Edward Fox, Virginia McKenna and countless other stars all played leading roles early in their careers. But not in this theatre. The

old Foresters' Hall in Nicoll Street, destroyed hy fire in 1963, and a converted church in Lochee Road, were the scenes of these famous first flourishes. The new purpose-huilt theatre, a comfortable and welcoming 450-seater, opened in Tay Square in 1982 after an intense fund-raising campaign and an anonymous interest-free loan that is still being paid off (£60,000 to go). Under Robert Robertson's direction, the new Rep is established as an invaluable local amenity and has plans to expand its community work. The theatre receives £174,000 from the Scottish Arts Council and £96,000 from the City of Dundee (which, incidentally, celebrates this year the cente-nary of Queen Victoria's city charter). 55 per cent of the theatre's income is self-generated through the Box Office

Later in the season, Joanna Lumley comes to play Ranev-skaya in *The Cherry Orchard*. A Man At Yir Back completes a sold-out run on Saturday.

and subsidiary sales and activi-

Michael Coveney

# Battle of the soaps

that the Thames programme Death On Ths Rock had ested that in Gibraltar the suggested that in Gibraltar the SAS behaved with perfect pro-priety: that their instructions from the Government were to arrest the terrorists and bring them to trial, that this was precisely what they were attempting and that John Wayne fashing and that, John wayne iastion, they shot only as a last resort after giving clear warnings and seeing movements suggesting that the terrorists were going for their guns. Does anybody believe for one moment that if the programme moment that if the programme had indicated all that the Government would have started squealing about "trial by television"?

This particular "pre-indgement," after all, followed the Foreign Secretary's pre-judge-ment in the House of Commons and numerous pre-judgemons and numerous pre-judge-ments by the popular press. The crucial difference was that Mr Howe and the popular press snpported the actions of the SAS unquestioningly whereas television raised questions. The readiness of this Govern-ment to reach conclusions without bothering to consider without bothering to consider the evidence was confirmed once more last week when John Wakeham, Leader of the House, admitted that although he had not read the Windlesham Report on the Thames programme, "I can say now that the Government profoundly disagrees with it."

That was the most graceless

That was the most graceless action yet of an administration which has behaved extraordiwhich has behaved extraordi-narily badly throughout the affair. What is needed now that the Windlesham Report has done so much to vindicate the programme is another screening so that the millions who never saw it can judge for themselves. So much praise has been

heaped on BBC2's cookery series *The Roux Brothers* that I begin to wonder whether I am the only one who finds their oh-so-studied brotherly banter in their oh-so-carefully pre-served French accents, and their perpetual refarences to how Maman used to do things, arch to the point of embarrass-ment. It is all so precious and twee that one rather wishes a hygiene inspector would turn up in the studio and find a cockroach or some pigeon

Last week's Arena was a barely suppressed shrick of rage from a group of brainy women who had noticed that — from Titian to Page 3 — the male criterion to Page 3 — the male criterion of attractiveness in women has often been more concerned with good boohs than good hrains. They came up with a marvellous series of assertions: men were really just jealous of the maternal power of the breast, frightened of cleavage, and so on II am not making and so on (I am not making this up). Just why the blue-stocking brigade is so jealous of the power of a Marilyn Mon-roe or a Samantha Fox is unclear. After all, even though quite intelligent men may like ogling the women in *Penthouse* or *The Naked Maja* and would not give a second glance to Germaine or Marina if they took off every stitch, such men still go on marrying intelligent women — flat chested or not.

The production of feminist the production of feminist television programmes continues apace (Sisters Under The Skin and Making Out at present, for instance) and if ever you question this, the feminist producers in television — many of them men, numerically entite digramment in the state of t cally quite disproportionate to the incidence of feminists in the population at large - respond hotly that they are

balance the historical domina-tion of "male" programmes. Of course it is true that men have tended to feature dominantly in programmes about explorers, composers, poets, philosophers, politicians and so on because there have always been more men than women involved in such activities. But the programmes have almost invariably been about exploration, music, poetry, philosophy or politics; they have not been concerned with mala con-sciousness. Indeed I have never seen a programme about male

consciousness — the experience of "being male."

The new feminist programmes, on the other hand, whatever their ostensible subject — dance, health, whatever tend to be dedicated primarthe experience of being female." There is not necessarily anything wrong with this: men and women are clearly quite different, thank good ness, and men may not need endless programmes agonising over maleness. But the produc-ers should stop kidding them-selves that they are righting any sort of imbalance. On the contrary, they are merely adding a new form of imbal-ance to all the old forms.

BBC1's twice-weekly soap opera EastEnders was launched in February 1985. For most of the ensuing four years it has dominated the ratings, giving the BBC the publicity triumph of topping the list virtually every week, by the simple ploy of aggregating the andience for its weekday origination and weekend repeat. Everybody in the husiness knew that, comparing like with like, ITV's 28-year-old twice-weekly soan Compation Street weekly soap Coronation Street was still winning, but the psy-chological advantage of occupying that No.1 slot in the Top



Coronation Street's Rover's Return: still pulling them in

10 went nevertheless to the Now, at a stroke - well, two strokes - everything has changed. ITV has started a changed. ITV has started a weekend repeat for Coronation Street and the Broadcasters' Audience Research Board has begun to publish "First Showing" and "Second Showing" figures as well as the aggregated totals. Sure enough, Coronation Street has promptly resumed its domination of the ratings. The top three places ratings. The top three places during the third week in Janu-

1. Coronation Street (22.97m) 2. Coronation Street (21.50m) 3. EastEnders (19.76m)

ary were:

. The next five places were fil-led by the week's five episodes of BBC1's imported Australian or BBC1's imported Australian
soap Neighbours; tha second
episode of EastEnders came in
ninth; and the BBC sitcom
Only Fools And Horses took the No.10 spot. Thus the BBC still scored eight out of the Top 10, but in the previous week they had only three, and in the week before that only four. The question is: now that the BBC and ITV soaps compete on an even footing, will the old northern product maintain its lead, or will the southern upstart continue to grow until the southern upstart continue to grow until it wins even in a fair fight?

The appetite for Australian programmes among British broadcasters is clearly increasing: Flying Doctors, The Harp In The South, Cell Block H., and, from next week Home And and, from lext week from Plate Anoug five days a week, have all been bought from Australia, and the reason is not merely that Neighbours has been such that Neighbours has been such a with success in the UK. As with American series the attractions are that they are made in the right language and are relatively cheap. As the former Australian, Rupert Murdoch, brings his satellite service on stream we can expect to hear yet more of the familiar antipodean twang from the box.

How good it is after all these years without Late Night Line Up to have The Late Show on BBC2 after Newsnight. The new programme has, of course, been extremely lucky with a sequence of events occurring as though to order the Baren-boim row in Paris, the burning of Rushdie's book, the death of Salvador Dali. However, some of the best items have been those which could be done at any time: a review of the pic-ture battle between The Inde-pendent and The Guardian; Clive James' Friday discussion

about Shakespeare with Ter-

ence Hawks, Fiona Shaw and Kenneth Baker, and Ray Fitz-walter of *World in Action* on the opposing camps in televi-sion current affairs.

Naturally it is not unalloyed gold. A long and over-contrived item about the seven deadly sins in stage acting was embar-rassing (and, interestingly, not live). The decision to have no live). The decision to have no signature time but to use different music each night is an odd one. Some studio discussions have been forced beyond their natural length; some have been annoyingly cut off in their prime. And it would have been splandid if a couple of the presenters could have had a thorough going left wing or right wing view of art and culture, instead of the standard BBC 11b ar al/hn manist/sixties/centrist attitudes. ist/sixties/centrist attitudes.

Nevertheless, Sarah Dunant has again proved her excel-lence at this sort of work, and the programme has rapidly become a compelling fixture. With Newsnight finally having acquired its fixed starting time, it is now exceedingly difficult for the more demanding viewer to spend the 90 minutes from 10.30 to midnight anywhere but

**Christopher Dunkley** 

# Un ballo in maschera

TEATRO REGIO, PARMA

For many years there has been talk in Parma of establishing an annual Verdi festival, an Italian Bayreuth. And, in the past decade, the success of the Rossini festival in Pesaro would seem to point the way. But presenting the Verdi canon here poses special prob-lems: very few of the operas

can be considered rarities (even Un giorno di regno and Stiffelio are now performed from time to time in Italian houses), and - thanks to recordings - opera-lovers are accustomed to hearing Verdi sung by the greatest voices of past and present. Today's stars are notoriously expensive; and even a generously-hudgeted festival in Parma would proba-hly not be able to afford a series of grand casts.

The presence in the city of the prestigious and mettlesome Institute of Verdi Studies, however, suggests that at least a scholarly, philological reason for a festival does exist; and the Parmensi have a reputa-tion for being stubborn. The odds are that, in a year or two, some kind of annual Verdi celebration will come into exis-

The current production of Un ballo in maschera, which opened just after the Epiphany and will run till the end of the month. illustrates some of the possibilities and some of the pitfalls in presenting Verdi in his native region. Though less vociferous than in the past, the

Parma audience knows Verdi thoroughly, listens carefully and critically, and follows the careers of young singers the way football fans try to spot the rising halfback. On opening night, this *Ballo* starred Maria Chiara as Amelia

and the Japanese tenor Taro Ichihara. Battling against the Chinese 'flu that is plagning Italy, the singers made a poor impression, and bowed out of the second performance, which I attended two nights later. With a mixture of lnck and daring, the Regio management found replacements and the curtain rose on time. For Amelia, they engaged Silvia Mosca, winner of the Busseto competi-tion two years ago; for Ric-cardo, they pressed into service the debutant Fabio Armiliato, who - according to one story I heard in the foyer - had arrived in Parma at noon for an audition, singing a Ballo aria, which won him an

engagement on the spot.

The subscription audience seemed at first cool; but as the evening proceeded, the applianse increased, and there was a perceptible warmth in the house. Silvia Mosca, though the actual voice is a hit hellow its clearly a second hollow, is clearly an accom-plished musician and, under what must have been unnerving circumstances, a skilled actress. Armiliato, tall, skinny, and gawky, seemed to be wearing costumes several sizes too small for him; but in the end

he also earned the audience's respect and support by his bold, impassioned singing, where sweetness of tone was enhanced by vigour of expression. He is still green, but he should soon ripen into a valuable artist.

The only veteran among the principals, Leo Nucci was a self-assured Renato and had the audience in the palm of his hand, though his "Eri tu" was, I thought, hectoring, without pathos. Alida Ferrarini was a bright, but not coy Oscar (the voice, happily, has more body than the usual soubrette); Car-men Gonzales was an uneven, barely acceptable Ulrica. The "Arturo Toscanini" regional orchestra is more than acceptable (there are bigger

acceptable (there are digger-italian opera houses that might well envy tha Regio in this respect), and the conductor Angelo Campori knows how to handle it. Long, valuable expe-rience in the provinces has not staled him, but rather has given him a special expertise in dealing with less-than-stel-lar forces. The performance had some ragged edges, but it had, on the other hand, a natural pace, a cohesion that can often be missing from so-called gala productions.

Pierluigi Samaritani is another designer who has turned to producing. He has made a misstep. The sets for this Ballo (apart from the ever-present, tedious scrim) had a certain romantic gran-

deur, and so did Samaritani's traditional costumes. But the best moments of the staging came when everyone stood still, in handsome tableaux vivants. The movements were awkward, and the use of bumbling mimes was intrusive and irritating.

and irritating.

Still, in sum, this was an enjoyable Ballo, interesting to me for the revelation of two new artists. And perhaps this is a path the prospected Verdi Festival could profitably pursue. Unlike Rossini or Wasner. sue. Unlike Rossini or Wagner, Verdi can be effectively inter preted by quite young artists (I remember — indeed, I will never forget, hearing Bergonzi, Antonietta Stella, Bastianini, when they were in their

William Weaver

Hungarians to visit Covent Garden

Tha Hungarian State Opera and Ballet is to visit Covent Garden from February 27 to. March 1 with a triple bill of three Bartok stage works tha opera Duke Bluebeard's Castle, and two one act ballets by Hungary's leading choreographer, Laszlo Seregi, The Wooden Prince and The Miraculous Mandarin. Also Seregi's ballet Variations on a Nursery Song to Erno Dohnanyi's concert piece will be performed.

Street). The touching relation-

hlack in history with a play, set in 1886, about a family's argu-ments set round an elaborately carved hetricom plano. Ends Feb 11 (443 3800).

Noh (National Noh Theatre)

Noh (National Noh Theatre).

A double bill consisting of the famous noh play, Aoi no Ue (Lady Aoi), and a comic interfude (Lyogen). Japen's most esoteric art form is not to everyone; taste, but should be experienced at least once by everyone who wants to discover why Japan will never become a "Western" nation. (Wed at 1pm) (423 1831). (Most other Noh theatres are open at weekends only. Check local press for details.)
Carmen (Aoyama Theatre). Musical (in Japanese) based on the opera, but which follows Merimée's novella more closely than Bizet did. The aim, according to director Mike Ashman of the

to director Mike Ashman of the Royal Opera House, Covent Gar-den, is to put back "the sex and

violence". Stars Mao Dalchi who unlike most Carmens, can dence as well as sing. (591 1711).

Tokyo

January 27-February 2

trashiness of the Opera's reperbad choreography corrupts; and the company that was his-torically the cradle of academic ballet looks now, when set against the heights of Ameri-can and Soviet dance, no more

There is no clearer example of this than Sylvie Guillem, so landed during her recent Long don appearances, in Programme One of the "Géamis" season, Guillem danced a solo from Béjart's Héliogabale a duet (with Manuel Legris) from

But whether in the radical chic of Forsythe's modish aggression or in the angular and parallel-legged staccato ideas that Bejart deems a clever accompaniment to a Bach adagio, or in the *Corsuite* academic bravura, Guillem seems only to be toying with effects. This is Sindy-Doll bal-

pliancy and expressiveness; the hyperextension of those legs is applied, not to dynamically powerful phrasing, but to acro-batic sensationalism.

Large parts of each pro-gramme were "monstre sacre" vehicles. This category is home vehicles. This category is home terrain, of course, for Béjart and Petit. Whether you are watching Béjart's latest oddity, Maria Grazia Galante, in two kinkily anti-musical solos, or Dominique Khalfouni, Petit's main muse today, in the Cumen and L'Arlésienne pas de deux, dance values are beside the point physical sensational. the point: physical sensationalism and exotic temperament are what count here. And distortion is always part of the effect - distortion of line, of flow, of sense.

For the first-half close of Pro-

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gramme One, Jorge Donn, Béjart's long-standing male muse, now flabby round the once alender waist, performed a series of significant gestures, postures and staccato moves alongsida the Adagietto of Mahler's Fifth. The same space on Programme Two went to Marcia Haydee (who has ridden more "monstre sacre" vehicles than I can bear to count) and John Neumeier (who has choreographed several of them). Here they performed as recently seen on TV here, Béjart's absurdist and pseudo-Oedipal Les Chaises. Of these first two programmes, the solo true pleasure came from those senior Bolshoi stars, Eksterina Maximova and Vladimir Vassillev, now in their late forties. Not that their repertory was any-thing much. Maximova, in long white dress and handkerchief, white dress and handkerchief, danced a falk Russian Dance from Swan Lake (Vassiliev's adaptation of Goleizovsky's choreography; and, with Vassiliev, she danced two duets that he had choreographed both over-long, loosely dramsfic and episodic affairs—and also the Elegy choreographed by Asaf Messerer, in swhich the living hero and spectral ballerina are both linked and parted by her white veil.

But there was just enough

But there was just enough substance in all these dances sinbstance in all these dances to show the artistry of this pair, artistry in which — in best old-Beishoi tradition — folk vitality and academic refinement are ideally fused.

Maximova is currently far sharper, more alert, than in her last London appearances in 1884; and, though now she cannot offer the brilliance that is part of her legend, she like the

part of her legend, she, like the Knov's Irina Kolpakova, gives you the essence that infused her art in its high summer. Nowhere else on either programme did I see such strength of phrasing, such glowingly alive feet and legs. The heel-and-toe Russian Dance opened simply: just a step on points this way, a step on pointe that way, and then a slow descent

onto flat foot. A mere nothing

yet with the rubato and

mance of it, the sweet pride
with which she teased the phrase to its conclusion, Maximova had me, right at this start to her dance, in the palm

Alastair Macaulay

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FINANCIAL TIMES

### **ARTS GUIDE**

### THEATRE

Single Spies (Lyttelton). Marvellously entertaining new Alan Bennett plays about Guy Marvenously entertaining new
Alan Bennett plays about Guy
Burgess and Anthony Blunt,
with Simon Callow and the
author. Prunella Scales joins
in as Her Majesty the Queen.
In National Theatre repertoire
until February 4 before transferring to West End (928 2252).
A Walk in the Woods (Comedy).
Alec Guinness and Edward
Herrmann in feeble off-duty arms
negotiation encounter by Lee
Hessing. Guinness, back on the
London stage after 10 years, is
in subtle virtuoso form as the
Soviet veteran of tactical stonewalking and no-dealing tricks
(930 2578, cc 839 1438).
The Secret Rapture (Lytizlion).
Brilliant new David Hare piece
for the National Theatre, a satirical but moving romance on life, for the National Theatre, a saint-cal but moving rumance on life, love and family politics in Thatcher's Britain. The play of the year. Feb 8-11, 24, 25, 27, March 9-15, March 25, 27 (928 2252, cc 240 7200). The Shaughraum (Olivier). Rec-ommended Christmas treat, as Boncicault's melodrama is given Boucicault's melodrama is given the full scenic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre cast led by Stephen Rea. (928 2252). Feb 13-16, March 1-4. Brigadoon (Victoria Palace), 1947 Lerner and Loewe "heatherscented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected. (834 1317, cc 836 2428). The Sneeze (Aldwych). Eight short Chekhov pieces — four vaudevilles, four early stories

- translated and adapted by - translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 6404, cc 379 6233). Mrs Eleja (Avallo), Intriguing (856 6404, cc 379 6233).

Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National. Fizzing performances from Gilliam Barge, Francesca Annis, Zoë Wanamaker (427 2663, cc 379

Orphens Descending (Haymar-ket). Triumphant debut for the Peter Hall Company with Vanessa Redgrave candescently sensual and italianate in atmosensual and frailanate in atmo-spheric restoration of Tennessee Williams's last indisputably major play (930 9832). Henceforward (Vandeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained mar-

risge. A tale of obsession, devo-tion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc

### Rotterdem

Bvita (Doelen). Original Broadway production with Florence Lacey. (Mon, Wed, Thur). (413

### **New York**

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disap-Street). The touching relationable between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdreading establishment (368 9000).

The Plano Lesson (Goodman). Prolific August Wilson continues his exploration of the American black in history with a play, set pointing hit. Cats (Winter Garden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's

poetry set to music is visually startling and choreographicall feline (239 6262). A Chorus Line (Shubert). The A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as a wittens twiter the stage.

stage story in which the songs are used as auditions rather than emotions (236 6200). Les Misérables (Broadway). The magnificent spectacle of Victor Hingo's majestic sweep of history and pathos brings to Broadway lessons in pagesuntry and drama (236 6200). e and My Girl (Marquis). Even

he and my term (manying), never if the plot turns on ironic mim-icry of Pygmalion, this is no clas-sic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway htt (947 0633). (947 0033). Butterfly (Eugene O'Neill).

The surprise Tony winner for 1988 is a somewhat pretentions and obvious meditation on the true story of the French diplomatrue soury or the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Pisantom of the Opera (Majestic). Stuffed with Maria Bjornson's glided sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6306).

Driving Miss Daisy (Briar

THEATRE DES CHAMPS-KLYSEES, PARIS Earlier this month the Theatre

Les Géants de la Danse

des Champs-Elysées in Paris presented nine evenings of a season called "Les Géants de la Danse." For "les géants," read "some of the stars best known "some of the stars best known in Paris," and for "la danse," of course, read "ballet." Yet neither ballet nor dance of any serious kind was at the core of what most of these performers were offering. There were

three separate programmes; I attended the first two. The shabbiness of the event is summed up by the fact that, despite seat prices ranging from FFr 50 to 800, all the dancing occurred to taped music. Had it not been for that, would have returned to see Programme Three, which promised Natalia Makarova, Julio Bocca, and the Kirov's Altynai Assylmuratova and

Farouk Ruzimatov. The evenings I saw formed a representative sample; albeit in. hleeding chunks, of the catego-ries of ballet Paris values most: Kirov, Bolshoi, Paris Opéra, Roland Petit and Maurice Bejart. To me these five form a list of humpy descents, from old gold to new trash, from harmonious classicism to pre-tentious and gymnastic distor-tion. But that is not how mat-

tion. But that is not how mat-ters are viewed in France or the Soviet Union.

Caught between Soviet ballet and Petit/Béjart pretendors is the originally elegant and deli-cate "école" of Paris Opéra Bal-let style, which I, unlike most British critics, find has now been widely perverted by the posey and self-congratulatory manners encouraged at the manners encouraged at the Opera and by the bombast or

seriously classical than the Victor Emmanuel monument amid the giories of Rome.

dust (with Manuel Legris) from William Forsythe's in the middle, somewhat elevated and (with the straining Peter Schaufuss) the Corsule pas de deux. Guillem's long fees make an obvious impression in all they do — which includes the unsightly extreme of an oversplit 220 degree anabesque penchée — as do her strikingly arched feet. She has, in addition, delicions currain-calls, and — among halletinas — the most striking hairdo (Louise Brooks pins henna) since Zixi Jeannaire.

But whether in the radical

let - merely an android par-ody of Kirov amplitude. The arches of Guillem's feet lack

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### FINANCIAL TIMES

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Wednesday February 1 1989

# Mr Clarke's prescription

wice by a committee chaired by Mrs Margaret Thatcher has resulted in a relatively tame prescription. Yesterday's White Paper confirms that the NHS is not going to be privatised or dismembered. On the contrary it will still be one of the largest bureaucracies in Europe. It will continue to provide a tax-financed service that is largely free at the point of delivery. Doctors, in the main, will continue to assess needs and ration resources, rather than respond to expressed health demands as they do in the US. But if the fundamental character of the NHS remains unchanged, its internal organisation does not. The Health Secretary, Mr Kenneth Clarke, is quite rightly seeking better ways of achieving old objectives. The reason for setting up the NHS was to ensure that access to health care did not depend upon means. It was presumed that this goal could be met only by making the public sector a near monopoly supplier of bealth care. But what it requires is that the

THE LENGTHY review of Britain's National Health Ser-

**Increased options** 

public sector finances and purchases health care on behalf of

patients. It matters little in principle whether suppliers are in the public, voluntary or pri-

The Thatcher/Clarke reforms are based largely on an attempt to separate the provision of bealth care from its financing. District health authorities now do both; in future, as bospitals hegin to opt for self-governing status, they will act more as purchasers than as suppliers. Districts will be free to purchase care from optedout hospitals, from hospitals in other districts and from the private sector. The increased range of options is intended to

provide scope for cost-savings. But the formation of a vigorous "internal market" may not prove an unmitigated blessing. The bospitals that are most likely to flourish are large teaching institutions with strong "brand names." These are mostly situated in London and the south-east. Resources and patients - are likely to move from poorer to richer regions, reversing the thrust of policy in the past decade. Many

the needs of local communities. This may not bode well for the future of preventive community-based medicine.

The new eystem will he designed to bolster the "gate-keeping" role of general practiseeping role of general practi-tioners. The fact that patients must see GPs before gaining access to specialists or expen-sive hospital facilities goes a long way to explain the rela-tive efficiency of the NHS. The decision to give some large decision to give some large practices budgets with which to buy services on behalf of patients is a logical next step. But many GPs lack the skills required of efficient hudget holders; considerable investment in both training and com-puter hardware will be neces-

Improving management The Government rightly emphasises the importance of improving the quality of management in the NHS. Success, here, will depend in part on the degree to which clinicians are prepared to face the resource implications of their decisions. It will also depend on the willingness of staff to accept the changes. One good test of the effectiveness of managerial reforms will be whether the post-review NHS can avoid damaging labour disputes, such as last year's universely. such as last year's uproar over

nurse regrading.
Mr Clarke would like to create a less political and more businesslike NHS. But the decision to strip districts of local political representation will not achieve this desirable end, Indeed, it could exacerbate problems by making the NHS seem less accountable. The service is political primarily because it is run from the centre by politicians; the Health Secretary shows no sign what-ever of ceding real power to its

professional managers. Mr Clarke deserves credit for some modest reforms. Neither he nor the Treasury can be blamed for the most foolish decision, which was to give rich elderly folk a special tax break if they bny private health insurance. Yet the cen-tral dilemma remains: the Government wants to cut public spending as a proportion of gross national product although demand for health care is certain in rise faster people may have to travel fur-ther for treatment. In the cut not be squared by a small and thrust of competition, bos- expansion of private medicine.

right-wing Republican Party in the West Berlin city election and the setback suffered by the ruling Christian Democrats is a disquieting development, even though it probably does not reflect opinion in the country as a whole. Special social factors, such as the very large number of foreign inhabitants in the city — some 11 per cent of its total population - played an important part in boosting support for an ultra-nationalist party. But the result neverthe-less contains some wider les-sons for Mr Helmut Kohl, the West German Chancellor, who has recently come under sharp attack from his domestic and foreign critics on problems ranging from defence policy to chemical plant exports to

No doubt the Chancellor lost a great deal of credibility as the result of government denials, subsequently found to be incorrect, that West German companies had been supplying equipment to a suspected chemical weapons plant in Libya. But the decline in support for Mr Kohl's CDU party pre-dates the Libyan affair by a long time. The Christian Demo-crats have suffered heavy s in six out of the last eight state elections. The West Berlin result merely confirms this trend, though the fall of nearly 9 per cent in their share

popular support for a ruling political party can be explained largely by economic factors. But, in the case of West Germany, the economy has contin-ued to perform satisfactorily over the last 12 months and even unemployment, though still uncomfortably high from a political point of view, is set to decline slowly. The causes for Mr Kohl's loss of popularity can almost certainly be found elsewhere, in areas spanning East-West relations, defence policy and West Germany's

relationship with the US.

Mr Mikhail Gorbachev's glasnost policies have again
thrown temptation in the way
of a country which, traditionally and by virtue of its geo-graphical position in the centre

Andrew Gowers and Scheherazade Daneshkhu look at prospects for Iran after 10 years of the Ayatollah Khomeini

en years ago today the Ira-nian revolution reached its nian revolution reached its climax with the return to the country of a 76-year-old religious teacher named Ayatollah Ruhollah Khomeini. In the decade since, Ayatollah Khomeini has steered his country through eight years of grueling war with Iraq, supervised a chaotic transfer of power from a westernised élite to a coalition of clergymen and urban revolutionaries, presided over a major extension of state power, survived a collapse in the price of oil. survived a collapse in the price of oil, iran's main source of revenue, and confronted an array of foreign powers,

especially the US.
Finally, in the last year, he has been forced to accept a bumiliating end to the Gulf war and to compromise on many of his most cherished

It is tempting to conclude that a revolution which started with the aim of exporting its fervour and principles across the Islamic world has burnt itself out with little to show. Its appeal to Moslems in general and fellow-Shias in particular has conspicuously failed to produce the oncefeared wider explosion, notably in

Iraq.

Recent comments by the leadership have a fragile and defensive tone, betraying a sense that the revolution has yet to achieve many of its goals. With last summer's ceasefire, funda-mental arguments within the regime mental arguments within the regime on Iran's future direction have emerged in public. They are rendered all the more urgent by a recognition that differences can neither be buried any longer in the interest of the war effort nor left indefinitely unresolved. In this "reconstruction phase," said Hojatoleslam Ali Akbar Hashemi Raf-sanjani, speaker of Iran's parliament and effective political leader, last and effective political leader, last month, "we should think that the rev-olution has just started." Yet within Iran, the social, political and eco-nomic upbeavals of the last 10 years have been momentous and, in two important respects, they have an air

First, a completely new class — the clergy and its supporters — has consolidated its bold on power. After purging the Shah's narrow elite, the clergy moved with equal dispatch and ruthlessness to eliminate its secular, nationalist and left-wing rivals. The cost in lives and disruption has been enormous. But since the end of what came close to civil war in 1981-82, the position of the clergy, or ulama, has not been open to serious dispute. Its opponents have been either scattered

into exile or cowed at home. into exile or cowed at home.

At the top, the same collection of Khomeini associates has been in command — if not always in full control — for a remarkably long time: Mr Rafsanjani's tenure as speaker of the Majlis (parliament), Ali Khamenel's as President and Mir Hussein Mouas President and mir russein mou-savi's as Prime Minister all date from 1980-81. Fierce debates about policy there may be, but they take place largely within the new elite and their limits have so far been defined by the Islamic Republic's 1979 constitution. People whose loyalties are perceived in fall outside these confines continue in be treated with the utmost harshness: witness the waves-of political executions since last July.

plainly had a far-reaching impact on day-to-day life, from the imposition of an Islamic dress code in wholesale desecularisation of the education sys-

What is less frequently commented on is the way in which other "chil-dren of the revolution" have risen to positions of infinence on the clergy's coat-tails. Thousands of young men, who had little hope of making an impact on the country's administra-tion under the Shah, have carved out new careers in new institutions, such



# Redefining the Islamic Revolution

as the Islamic Revolutionary Guards Corps and the Crusade for Construc-

New faces, often drawn from their ranks, have been brought into senior government posts and elected to par-liament; in last year's Majlis elections, more than half the MPs chosen were novices in national politics.

The second apparently entrenched change of the last decade has been a development familiar from the French, Russian and other revolutions: a huge expansion in the state's economic powers. Creeping centralisa-tion was a key feature of the Shah's regime, especially after the oil price explosion of the 1970s. But as Professor Shaul Bakhash, a leading Iran scholar at George Mason University of the US, points out, the process has accelerated dramatically under the Islamic Republic. Areas in which the Government has taken sweeping pow-

 Provision of staple foods, governed. for several years by a rationing and subsidy system. Banking, insurance and major pri-

vate industries, all nationalised in the first year of the revolution. Foreign trade, 80 per cent of which is now reckoned to be under state

• Urban property, significant amounts of which have also been

taken over by the Government as a result of piecemeal land reforms.

Hand in hand with these developments has come an uncontrolled expansion of the bureaucracy. The Government has had in expand the

Civil Service to administer its growing economic empire. But it has also reated or absorbed a host of new "revolutionary" institutions alongside those it inherited from the Shah. This is a pattern which duplicates itself throughout the ruling apparatus: the Revolutionary Guards Corps operates in competition with the dis-

Differences within the regime can no longer be buried in the interest of the war effort nor left

indefinitely unresolved .

trusted armed forces; the network of

local komitens spawned by the revolusecurity force to the conventional police and gendarmerie; new bodies such as the Crusade for Construction, the Foundation for the Oppressed and the Martyrs' Foundation have taken over a wide range of economic funcof government such as the Agriculture and Commerce Ministries.

The civil service has more than doubled in size since the revolution. At the last count, there were 38 independent ministries and organisations, with more than 1.7m personnel - in sum, an administrative nightmare.

Connecting these two broad areas of social change is the desire of the ulama to preserve the core of public support for what was above all a populist revolution. The clerics have rewarded the zealous with jobs in the years and again in 1987-88.

government machine. With consider able skill, they have also established a system of political checks and balances to accommodate the widely dif-fering opinions within their ranks. The Islamic Republic remains extremely intolerant of opposition to its constitution but within these confines, it arguably allows freer political expression than was possible under the Shah. It is certainly not a democ-racy, but it has at least opened up the possibility of broader political partici-

Perhaps most important, its leaders have created a much greater impression of political independence for the country than existed during the Shah's rush to western-style development. The slogan "neither East nor West" West" has been Ayatollah Khomeini's most consistent political statement – and the sense of genume non-align-ment is certainly the criterion by which he would like the revolution to

be judged.
"If the motive behind the revolution had been in establish a lower cost of who want to complain may go on complaining," he said in 1962. "What you wanted was Islam, what you wanted was an Islamic Republic, what yon wanted was neither West nor East. All these objectives have been

achieved.

Like much else in revolutionary iran, its foreign policy has evolved through a painful process of trial and error, and has at times cost the country dear—not least in the total isolation it brought on itself in the early years and certain in 1007 20

But the Islamic Republic still takes pride in having swiftly paid off the debts accumulated by the Shah. Where it has manifestly failed— despite all the rhetoric— is in making progress towards the goal of genu-ine economic self-sufficiency. The end of the war has refocused attention on the underlying economic challenges facing the Government: lagging indus-trial productivity and investment, trial productivity and investment, stagnant agricultural output, rampent inflation, and, not least, the need to find jobs for a population growing at an annual rate of nearly 4 per cent and to accommodate tens of thousands of young men freed from military service.

it has brought to the surface old rifts within the leadership on such questions as the relative roles of the questions as the relative roles of the private and public sectors, foreign borrowing and foreign policy in general, and redistribution of wealth. The republic is, in other words, straggling to redefine some of its most basic tenets. Revisionism is in the air even about the question of independence, with Mr Rafsanjam making the striking admission the other day that: "it is impossible in today's world to betutally independent."

totally independent.

Although Ayatoliah Khomeini insisted at the outset that the revolution was not about "the price of watermelons," these economic issues will determine its course in the next few years. Iranians' expectations are lower than they were in the 1970s, but the leadership cannot count on keeping a restive population of more than 50m satisfied by simply continuing to

50m satisfied by simply continuing to preach austerity.

Uncertainties abound The Government has promised reconstruction without specifying how it is to be funded. It recognises the need in rationalise the government organisation and in rein in parallel structures such as the Parallulionary Guarde. such as the Revolutionary Guards, but has shied away from practical steps in that direction. Some leaders have spoken of giving more latitude to the squeezed private sector, but there seems little prospect of a move to roll back the state and business confidence revision demonstrated. confidence remains depressed. Ayatol-lah Khomeini talks frequently of the overriding need to help "the oppressed," but his disciples are struggling in maintain a food rationing system which has — in the absence of coherent agricultural policles and security of tenure — landed them with an annual food import bill of \$3bn (£1.7bn), one third of Iran's total foreign exchange revenues.

In their different ways, such prob-lems go to the heart of the matter, which is an all-pervasive uncertainty about the ultimate source of authority. Many is the time that Ayatollah Khomeini, who remains the revolution's principal unifying factor, has been asked to resolve political disputes. His response has been to seesaw, in sit on the fence or to refer the issue to a new arbitration panel.

The trouble is that the Ayatollah,

now 36 and by most accounts not in the best of health, will not be around for ever. The succession may have been resolved on paper by the nomi-nation of Ayatollah Hussein All Mon-tazeri as spiritual leader, but he can scarcely lay claim to Khomeini's towering stature. The only figure who Mr Rafsanjani, but he would need to deploy all his considerable manipulative skills to translate this into unequivocal support for his leader-

Until Iran's leaders evolve an acceptable mechanism to resolve their differences, the logism is likely to remain unbroken. The only other conceivable ontcome is the eventual emergence of a single dominant fig-ure. It would not be the first time that a revolution had turned to a powerful leader in steer it into a second phase.

# Kohl's Nato problems

of Europe, is inclined to look both West and East. As long as the cold war was at its height, the West Germans, whatever their long-term yearning for reunification with the eastern half of their country, had few qualms about their member-ship of a highly integrated Western defence organisation such as Nato. But in the present balmy international climate it is hardly surprising that the German people should again begin to listen to the siren calls from the East.
Recent public opinion polis
show that nearly 80 per cent of the West German population favour a non-nuclear Europe and some 44 per cent want the Federal Republic to be neutral between East and West. This large body of opinion is more in sympathy with the policies of Mr Hans-Dietrich Genscher, the Foreign Minister and Mr Kohl's Free Democrat coalition

cated a more positive response to Mr Gorbachev's overtures, than it is with those of the Chancellor. Faced with such a ground-swell of opinion and disagree-ments within his Government, Mr Kohl has understandably hesitated to respond to the pressing appeals of the US and Britain that Bonn should express its support for the modernisation of short-range nnclear weapons, based on West German soil. West Ger-many's Nato allies cannot of the votes is particularly stri-king. Normally, such a decline in ignore the domestic political predicament in which Mr Kohl finds himself and should, perhaps, express their views on the modernisation of nuclear weapons in a more diplomatic manner than they have done

But if Bonn is entitled to ask its allies for understanding of its special sensitivities, the latter are equality justified in demanding a claarer stand from the West German Govern-ment on a matter which so fundamentally concerns the future of Nato. The impression of drift Government can only be harmful to the unity of the Western alliance, as it prspares to embark on vital conventional force reduction talks with the

### Schönhuber shock

■ Franz Schönhuber is opposed to the European Community, anti-American, pro-German reunification and wants a "new patriotism." He is also a great admirer of Margaret Thatcher, having told a political rally last year that West Germany would be in much better shape if it were run by the "Iron Lady."

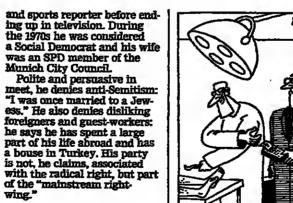
Schönhuber is the leader of the far-right Republican Party, which shocked the establishment by picking up 7.5 per cent of the vote in the West Berlin election last Sunday. Now 66, he is a former televi-

sion journalist who wants a return to the "old virtues." He lays particular stress on bringing back "punctuality and cleanliness" — neither of which appear to be in short supply in the Federal Republic. He is also critical of West Germany's admission of for-eign workers. He talks about the Swiss idea (sometimes picked up by Jean-Marie Le Pen in France) of allowing guest-workers to stay only for set contract periods. Some of

his supporters go further and would like to send them home. Schönhuber claims that he was the victim of an excessively apologetic attitude to the German past when he was sacked from the Bavarian television and radio station after publishing his account of life as a Waffen-SS volunteer dur-ing the war. It was named book

right-wing press.
Soon after, in November
1983, he left the Bavarian Christian Social Union to form the Republican Party along with other CSU members disappointed with what they saw as Franz Josef Strauss's soften-ing attitude to the East bloc. He was born in Bavaria, but has not always been on the right. After getting permission from the post-war military government to remove his SS-tat-

toos, he took jobs as an actor



**OBSERVER** 

Ouiet wedding

■ Some of the civilities are still being preserved at Wand-sworth Prison, despite the upheavals. William Allen, who is in for fraud, was married in the prison board room yesterday. The ceremony was con-ducted by the prison registrar and attended by one of the gov-ernors. His bride, June, was led in by a couple of police offi-

The couple had planned to marry before, but the sentence intervened. The honeymoon will take place in Australia when Allen is released. June said: "My husband and I would like to thank the Governor for making this all possible," but added that her husband would like the prison officers to come back to work "because they are so much more organised than the police."

Poetic rides ■ Literary life is looking up on the London Underground.

The number of poetry posters is to be quadrupled to 4,000. The new sites will cost about £178,000 in lost advertising revenue, but the Underground claims that the money is well



spent. "A lot of people use our system, and it is nice if occa-sionally we can do something to make it more pleasant for them," says a spokesman, who adds that there have been piles of congratulatory letters since the posters first went up two years ago.
The selection is made by

Poems on the Underground, an independent organisation run by Judith Chernaik, an American-born English don at Queen Mary College, and a regular traveller on the Cen-tral and Northern Lines. Her choices for the new posters include Delay, by Elizabeth Jennings, and Everything Changes, hy Cicely Herbert, neither of which have anything to do with transport. Some-thing to read while you wait though.

NASDAQ's man The National Association

elected an American living in Britain as one of its governors-at-large. Victor Wright, 43, is a partner at Goldman. the and has been in London all of six months, NASD is the self-regulatory

organisation for the NASDAQ and over-the-counter securities market in the US. Wright was asked to stand for the post after he arrived in Britain and his election is meant in reflect the growing interest in the British market. Wright says that it involves six to eight meetings a year and some extra reading. It will not keep him away from Goldman

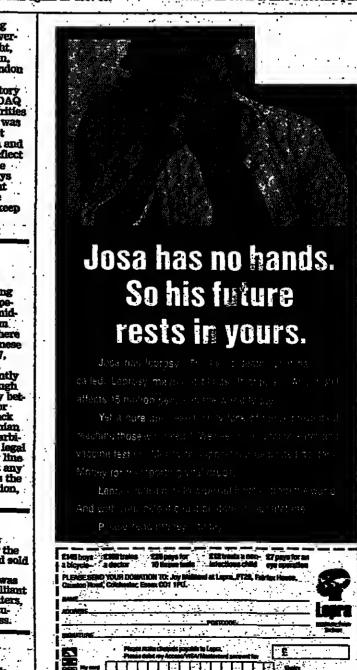
Yellow lines ■ The pound at London's

Mount Pleasant is becoming a pretty familiar place, espe-cially in the hour before midnight. All taxi drivers seem to know it and take you there with a sort of relish. Japanese businessmen pay their 257, plus £12 parking fine, and retrieve their cars apparently without protest. And, though expensive, it is marginally bet-ter than being clamped, for at least you get the car back faster. Yet the new draconian system is also somewhat arbitrary. It is supposed to be legal to park on a single yellow line in London after 8 pm. Not any more. If somebody decides the car is causing an obstruction, away it goes.

Backing BP

■ A shareholder told BP's AGM yesterday that after the stock market crash he had sold his house and put all his money into BP shares. It was not a complaint, but a brilliant investment. Sir Peter Walters, the BP chairman, congratulated him on his astuteness.

Slim chance ■ Sign outside a New York slimming club: "If you join now, we'll see much less of



### John Gapper looks at the union which is the force behind the staff walkout at Wandsworth Prison

erhaps it was a sense of irony that made the Home Office give the name "Fresh Start" to its reform of the working practices of 23,000 traditionally argumentative prison officers. Whether it was that, or naive optimism, it now seems a bet-ter title would have been "More of the Same,".

Yesterday, at Wandsworth 4000 Prison in south London, 200 police officers were maintaining fragile control over 1,500 prisoners after 281 prison officers had walked out. For the first time since 1919, one of the regular industrial disputes in British prisons has led to police taking over.

Since the Prison Officers'
Association (POA) voted in a

national ballot in May 1987 to accept the Fresh Start package intended to bring some order into a disordered pattern of work in which 30 per cent of pay came from overtime — there bave been constant flare-ups between the infor

and the Home Office.

Two weeks ago, it seemed too good to be true when the POA announced that it was to recommend its members to call off a year-old national dispute on a year-old national dispute over the way in which Fresh Start was being implemented. It was. On Monday night, the POA executive abandoned the ballot and yesterday was back in a familiar rifual of crisis talks at the Home Office.

Not for the first time, backbench Conservative members of Parliament called for the POA to be dealt with once and for all. Mr John Wheeler, chairman of the all-party home affairs select committee, said recognition of the union should cease and prison officers made to enter a no-strike deal similar

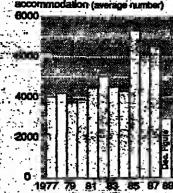
to the police.

The POA is a curious organisation. Although its members
are regarded with some suspicion within the Trades Union Congress for being too right-wing, they are probably the most militant of any TUC union in projecting their interests. And the Government does not seem willing to challenge

canse of discontent among prison officers. It was intended to bring some order to prison officers' working contracts, to achieve a 15 per cent cost sav-ing by altering roles, and to reduce the working week from an average of 56 — including 16 hours overtime — to 48. In practice, although Fresh

Prisoners above certified normal accommodation (average number)

Prison overcrowding



# Fresh Start that wasn't

Wales, it has run foul of local disputes and the cost savings have been no more than 10 per cent, Local reviews of manni levels have had to be carried out after its implementation. the one at Wandsworth in October led to yesterday's dis-pute when the governor tried to enforce it without agree-

Although some MPs have found it balling that prison officers have remained so argumentative despite Fresh Start, the reasons for their disen-chantment are not hard to find British prisons are a far from pleasant environment.
The fundamental problems are their age and the degree of not seem willing to challenge overcrowding within them, the union's power, unlike Many Victorian prisons, such many private sector employers.

Fresh Start is only the latest ways in Manchester, are so overcrowded that up to three prisoners are forced to chare

The complaint of prison officers is that they are too few to supervise prisoners ade-quately. Under-staffing — which led to the disputes over Fresh Start - has a particular resonance in prisons. Prison Start has now been extended to officers argue that a lack of all prisons in England and staff can put them in danger, putes as it has of ending crime.

cells intended for one. ...

The rhetorical question constantly posed by officers is: "Who runs when the alarm bell

Such resentment makes It hard for the Home Office to tame the POA. The union is so militant locally that its national leadership can seem positively accommodating. Almost all its members carried on paying dues when the Home Office took the aggressive step of cutting off their direct deduction from salaries in the autumin.

Nor does there seem to be an easy alternative. POA leaders created another enemy for themselves earlier this year when they sacked five of the union's full-time officials in a dispute over their pay. How-ever, their attempt to set up a rival union has made little headway so far, and there is no reason to think it would be less troublesome than the POA.

The failure of Fresh Start to provide a new beginning means the Home Office is left with limited options for trying to calm the POA permanently. The most edvious strategy would be to reduce the degree of over-crowding and modern-ise prisons, thereby lowering staffing tensions. But the ris-

staffing tensions. But the ris-ing prison population makes it hard even to keep pace.

The Government has a prison building programme intended to provide up to 25,000 extra places by the mid-1990s, and Monday's public granding white paper allocated

1990s, and Monday's public spending white paper allocated money for a further 3,000 places in the next three years, together with the switching of about 1,000 prisoners to bail hostels and probation.

An emerging strand of Government policy is the privatisation of some prison services. Following a green paper in the summer, tender forms have been issued for private contractors to bid to build remand centres in the next two to centres in the next two to three years. When such centres are built, the question will arise as to whether the POA will be recognised at them.

Privatisation might ulti-mately provide the Government's escape from the POA in the same way that variation of staff pay and conditions has been a motive for setting up agencies within the civil service, and encouraging hospi-tals to opt out as part of yesterday's review of the National Health Service.

But it remains a rather distant vision. In the short-term, the Home Office seems to have as little chance of ridding itself of the POA and industrial dis-

onventional wisdom holds that rapid deterioration of Britain's current account is merely a reflection of a temporary surge in the growth of domestic demand. It does not, therefore,

raise serious doubts about the durability of the economic recovery.

I would argue that this is far too optimistic a view. There is no evidence that a sustainable recovery has taken place. On the contrary, unless something

changes, the level of unemployment will have to rise again towards - and even past -3m. The problem is the old one of reconciling internal and external balance. For most of the past 70 years Britain has had to trim domestic economic policy with an eye to maintaining a precarious international and trading position. The evidence suggests that we face the same policy dilemma today.

Consider figure 1, which plots the current account bal-ance (as a percentage of GDP) against unemployment for the past 30 years. Two things stand out. First, during short periods, there appears to be a trade-off between external balance — in the shape of a healthy current account — and internal balance, as measured by the level of unemployment. Second, over-time, there has been a strikingdeterioration in the terms of this trade-off.
Thus, between 1958 and 1966

(when the relationship was admittedly a rather weak one) unemployment of about 380,000 was compatible with current account balance. During the late 1960s and early 1970s, the trade-off progressively wors-ened so that unemployment had to be about 750,000 for external balance.
The oil shock of 1973 exacer-

bated existing problems. By the beginning of 1974 the level of unemployment consistent of unemployment consistent with current account balance had jumped to 1,221,000. This new trade-off — represented by the middle line on the diagram — held good until the first quarter of 1981 despite the dramatic of 1981 despite the matic transformation of Britain from oil importer to oil exporter. It suggests that the rise in unemployment during 1980 and early 1981 was, to some extent, a policy choice and that the underlying (zero current balance) rate was still just over one million.

But during the following three years matters deteriorated very badly. Even though the current account stayed in surplus, the cost in terms of unemployment grew. This meant that when domestic demand revived and unemployment began to fall, the current account quickly went into defi-cit. Between 1981 and 1984 (see right-hand line in figure 1), the

### UK balance payments

# Trying to arrive at a reasonable trade-off

By Terry O'Shaughnessy

level of unemployment consistent with current account balance rose to just-under 8m. There is no evidence that the

present recovery is upsetting this pattern. A sustainable recovery would imply move-ment in a north-westerly direction, off the regression line using 1984-88 data. So far the movement has been south-westerly. It could be argued that a deteriorating external balance is no longer a cause for concern since British residents now own substantial foreign assets and foreigners appear willing to invest in the UK. Evidence for this may be sought in the relative strength of sterling, even in the face of poor current account performance.

The asset position, which resulted from the policy choice to translate oil exports into current account surpluses rather than into an expansion of the domestic economy in the early 1980s, has given room for manoeuvre on the external account. There has certainly also been an important hut unquantifiable "Thatcher" confidence effect at work.

To estimate the magnitude of the confidence effect, just imagine what would have hap-pened had Labour won the last election and implemented a programme of infrastructure

investment and special employment creation. If these measures had led to the same rise in consumption and the same collapse in the current account, sterling would be much weaker today and finan-cial markets far less sanguine. The fact remains, however,

underlying competitive posi-tion of the economy does not soon improve - in other words if there is no movement in a north-westerly direction in fig-ure 1 - the authorities will be forced to consider moving back towards the north east. The Government can certainly reduce the current account deficit by accepting more unem-ployment, but it is unclear what it can do to improve the

that the current account will,

eventually, assert itself. If the

terms of this trade-off.

Policy changes which exploit
a short run trade-off between internal and external balance are well understood. But structural shifts in the trade-off itself are more puzzling. What has caused the long-run deterioration in the terms of the trade-off between unemploy-ment and current account balance? In terms of diagram 1, why have the regression lines shifted towards the right? There have been two or perhaps three structural shifts of

importance: the first in the late

1960s and early 1970s; the second during 1973 and 1974; the third between 1980 and 1984. Of these the second is easiest to understand since it was an ohvious consequence of the oil shock. Comparing the other two, it is clear that wost happened in the early 1980s - an increase in the underlying unemployment rate of 1.8m -was several times more serious

than the corresponding

increase of 370,000 between

1966 and 1972.

But despite the difference in scale, the same mechanism was at work. In both periods the ontput and capacity of manufacturing industry declined (see figure 2). The collapse was dramatic in the early 1980s, but it is also possible to detect significant deterioration in the mid-1960s and again in the early 1970s.

A deterioration in the terms of the trade-off between current account halance and unemployment has tons occurred at times when investment in manufacturing has been insufficient to provide the production capacity needed in a fully employed economy. Attempts to run the economy too close to full employment without the necessary manufacturing capacity have inevi-tably led to a deteriorating trade balance in manufactures.

While other components of the current account - such as oil - can mask this effect for a period, they cannot provide a long-term respite.

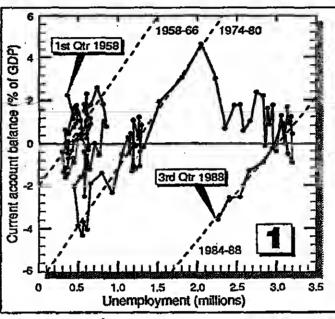
Those who insist on being

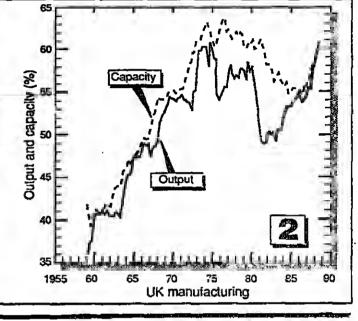
optimistic can adopt one of two positions. They can dismiss the current account altogether as an indicator of performance or constraint on policy. Adherents of this view are quite happy to sail off in a southwesterly direction in figure 1 and do not fear the conse quences.

Optimists of the second type do acknowledge the existence of past and present trade-offs between domestic activity and external balance, but they believe the current recovery will lead to a more competitive economy. Just as the policy choices of the early 1980s led to the accelerated scrapping of equipment and a worsening trade-off between unemployment and current account balance, so the present boom will induce investment in new, efficient plant and shift the whole trade-off back to left in figure

In principle, there is some-thing in this. The problem is the scale of new investment required to enable British manufacturing to compete internationally and meet enough of domestic demand to allow the economy to be run at near full employment.

There is little evidence that such investment is forthcoming and none that other sectors can fill the gap. Unfortunately, the likely outcome is that long before domestic investment reaches the necessary levels, the authorities will find it necessary to do more to discourage the boom, thus disappointing optimists of both schools. The author is a research fellow in economics at King's College, Cambridge.





# LETTERS

### Justice beyond price

bring a court case at the moment. These citizens are hardly going to be impressed by the Bar's criticism that Lord Mackay's proposed reforms may have an impact on the "quality" of justice. The important thing is that they

**5** 

£ ...

From Mr Keith Wallace.

Sir, 80 per cent of the population of the UK cannot afford to

R is nonsense for the Bar to insist that people may only use a Rolls-Royce for travelling around. If they want a bicycle or a Metro, why should they not have it? Keith Wallace,

ernment in good faith. We ought now to be playing a positive role in what may well be a

albw and painstaking process towards fixed exchange rates, followed eventually by a com-mon Euro-currency managed

admitted in his speech to the Royal Institute of International Affairs that the Issue was

### Ambivalence rules 1992

From Mr Roland Freeman. Sir, It is curious that the Chancellor of the Exchequer should now attempt to discredit moves towards economic and monetary union in the European Community The most Euro-currency managed Single European Act itself by a European central bank refers to the "progressive real preferably located in London isation of economic and monetary union" as an objective admitted in his speech to the approved by the heads of state.

After the issue was As recently as June 1968 the
Hanover meeting of heading.
Hanover meeting of heading.
Hanover meeting of heading.
The Burger increases the pean Council receals that in particular pean Council receals that in adopting the Single Act the member states combined the with empty rhetoric about a member states combined the Minister States of Europe which objective of progressive realisation of economic and monetary union.

Presumably all this was said on behalf of the British Gov.

### Yoke of usury

credit generate the seed of the habit of some savings before spending next year's income? "Nanny state," of course. But it might achieve the Chancellor's spending and saving objectives in the short term, and in the long term cut out some greedy practices. George Thom

### Nuclear-powered praise

From Mr J.T. Elston. Sir, David Fishlock's story (January 25) on the "impressive record" of the Torness advanced gas-cooled reactor (AGR) belittles the operating performance of our own Heysham 2 in a way that cannot go unchallenged:

output on both units.

now sending out a total of more than 1,200 MW - enough

tion and skills of our staff. It is a record of which the whole UK nuclear industry can be justifiably proud. It now means power station. J.T. Elston

Generation Development and

### IT as a fundamental skill

From Mr Alan Benjamin. Sir, Alan Cane's Business Column (January 23) touches on, but does not quite explore, the real issue of Information

Technology (IT) skill short-The research he quotes about the poor usability of delivered software in US Federal Government projects seems to lay blame on the software producer.

This may be a dangerous conclusion because software usability is as much the user's creation as it is the supplier's

The partnership created between a user and supplier is a complex relationship and both need good inter-personal skills to ensure mutual understanding - a subject hard to find in the curricula of IT

My real concern nowever is the thought proffered by Mr Cane that the solution to skill shortages (and thereby the danger to our competitiveness)

may never arrive.

I agree with him that training - while vital - will not be the answer.
I also agree that a transition

period of perhaps a generation can be materially helped by a highly trained elite with suitable technologies and indeed the software industry represents this or will do so.

My worry is that IT should be regarded as an expertise and therefore consigned for-ever to specialists. I hope this

I hope that our education system will inculcate IT as a prime learning tool like reading and writing and that in due course we do not have 51 per centers but instead 100 per cen-

A generation growing up with this fundamental skill would then be free to use it to compose poetry if they so Alen Benjamin, Sema Group plc

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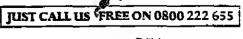
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### Monetarism examined From Mr Avinush Bersund. Sir, Mr Martin Wolf (Lon-

bard, January 13) has jeined in recent attempts to resuscitate monetarism by telling us that if "mainstream" economists had paid more attention to the path of monstary aggregates, they would not have so seri-ously underestimated inflation

Broad monetary aggregates have indeed followed the path of inflation exceedingly well. The Government's chief mone. tary larget in the early 1980s.
M3, has accelerated from a 10.5
per cent growth rate in 1984 to
20 per cent this year.
However

However incorrect theories can sometimes be right; the person whitelesses be right; the person whitelesses in insists it is 12 o'clock will be right twice a day. Over two decades, monetary aggregates have been very poor at predicting inflation.

In the 1976s average annual inflation was almost 13 per in the 1976s average aimited inflation was almost 13 per cent. In the 1986s it has failed to just 7.5 per cent - the greatest, sustained, post-Second World War reduction in inflation. tion for monetary aggregates

have accelerated. In the 1970s the average armusi growth in M3 was 15 per cent during this decade it had risen to 16.6 per

decade it has rised to 16.6 per cent.

The essencial monetarism is the helief that inflation is purely a monetary phenomenon, can only in cured by reducing monetary provide and is ampelated to Changes in-real cutput. This belief must surely be dead. The conquest of inflation in the 1980s was neither reinless nor without merifice printess nor without racrifica.
While inflation fell, unamployment rose to its highest level since the war, from 6 per cent in 1980 to 13 per cent in 1984. Failure of mainstream economists to predict today's inflation is more because of surprise strength in the real economy. Monetary aggregates are not the reliable signal that

could take uncertainty out of

forecasting inflation - more

importantly, out of policy mak-

134 Petersham Road, Richmond, Surrey

From Mr George Thomas.
Sir, it is a good time to introduce an effective usury law.
If all goods offered for sale with credit had to have a cash option, and interest could never be in excess of 125 per-cent of prime, would not mer-chants be less keen to push credit and more careful whom they lend to? Would not less

17 Campden Hill Square, W8.

Far from saying little about the station, we announced just before Christmas that the sec-ond unit at Heysham 2 had claimed a world record of just 44 days for the fastest run-up from first power to full power for a modern western commercial reactor - and if that was not impressive enough, it took only 174 days for the whole station to be taken from first power on unit 1 to full design

electricity for a million people. The station's output to date, of 2.8hn kilowatt honrs, far exceeds that of Torness; by the end of the financial year that figure will have reached 4hn. This is a great achievement and a testimony to the dedica-

that Heysham 2 has the largest output from any UK nuclear Central Electricity Generating

Board, Construction Division,



# FINANCIAL TIMES

Wednesday February 1 1989



# West Germany's cause for alarm

David Goodhart reports from Bonn and Leslie Colitt from Berlin

THE FAR RIGHT in West Germany is politically insignificant but has an awesome power to cause alarm both inside and outside the country. The unexpected success of the West German Republican Party in the West Berlin state election - where it polled 7.5 per cent of the vote gaining seats both in the city legislature and the federal parliament in Bonn - has thus once more focused attention on these fringes of German politics.

Jolted by the possibility of a similar right-wing protest vote elsewbere in West Germany, Chancellor Helmut Kohl yes-terday conferred with the other coalition partners, the heads of the Bavarian CSU and the liberal Free Democrats (FDP).

The peculiarities of Berlin

make it unwise to assume that Republican success will be repeated elsewhere. However, some political analysts believe that the Republicans' entry into the limelight may be disturningly good timing and it is especially alarming to see far-right support surging ontside its homeland in the south of Germany.
The poor image of the coali-

tion Government and the con-tinuing failure of the Social Democrats to look like a winning opposition has left a larger than usual number of floating and protesting voters. Mr Franz Schonhuber, the Republican leader and former Bavarian TV journalist, denies that his is a radical right party. He claims he has stuck to the conservative mainstream as the higger conservative parties

Nevertheless the former Waf-nic Germans. of his support comes from those who dislike Berlin's large population of foreign and much control of foreign and much mer leader of the Bavarian Christian Social Theorems Significantly, toe right-wing extremists gained the highest percentage of the vote in the



working-class district of Wed-ding. The area has many immi-grants, though not necessarily Turks. The Republicans polled 9.9 per cent in Wedding, while the adjacent Kreuzberg district where most of the city's 140,000 Turkish citizens live gave them 7.1 per cent. The leafy, middle-class suburb of Zehlendorf produced only 4.3 per cent for the

Republicans.

Not surprisingly, the main topics on the agenda of yesterday's top-level meetings chaired by Chancellor Kohl were the laws pertaining to asylum seekers and other for-eigners in West Germany as well as the flood of ethnic Germans arriving from the East. Agreement was said to have been reached on taking political initiatives in these areas. The CSU, in particular, had long urged tightening up the laws on asylum seekers and sending back Poles who were unable to prove they were eth-

potential far-right voters to the big Christian parties. It was in Bavaria, Mr

Strauss's heartland, and in Baden-Württemburg – that the extreme-right National Demo-cratic Party (NPD) caused a wave of anxiety in the late 1960s when it began to attract donble-figure percentages of the popular vote in local electious. It never made much headway nationally and fell

hack into obscurity in the

1970s just as the Deutsche Reichs Party – which actually held a few seats in the 1949 Bundestag - had done so in the 1950s. In 1971 Mr Gerhard Frey, a Munich publisher, decided the NPD was going soft and formed his own even more right-wing Deutsche Volksu-nion (DVU) which recently spent more than \$1.75m sending its controversial election

Germany.
The NPD and DVU uow often co-operate and the NPD is, for example, supporting the DVU slate in the European Parliament elections in June. Both parties are often described as neo-Nazi which is, at least technically, incorrect, as all Nazi and ueo-Nazi par-ties are banned, as is public display of the swastika and the Hitler salute.

material to every household in

dent, unhesitating patriotism. Editorial Comment and Observer, Page 18

The Republican Party is often linked with the NPD and DVU but is usually considered

considerably less extreme. The general secretary of the party, Mr Harald Neubauer, is a for-

mer NPD member and associate of Mr Frey. However, most party officials, including Mr Schönhnber, are formar CSU members who became distillu-

sioned with the party after Mr Strauss supported a mellower line towards East Germany

and formed the new party in

claim about 7,000 mem-bers - the DVU claims 12,000

- and before their triumph in Beriin had won only 3.4 per cent in one Bavarlan state elec-

tion and were widely seen as a

purely Bavarian phenomenon. Mr Schönhuber is now talking

about a 10 per cent poll in the

national elections for the Euro-

ever, be split in those elections between the Republicans and

the DVU/NPD and it remains

unlikely that any of them will pass the 5 per cent line neces-sary for a place in the Parlia-

Most of tha parties have the

same themes, but propagate them in different ways: hostil-

ity to asylum seekers and for-

eign workers, opposition to the EC and the American "occupa-

tion" of Germany, support for

ecological issues, reunification and old-fashioned values, and, above all, the desire for a confi-

The far right vote will, how-

pean Parliament in June.

The Republicans currently

November 1983.

### Bhutto in power struggle (The best known of the once avowedly neo-Nazi parties is the Free Workers Party run by Mr Michael Kühnen. It has recently made it itself presentable enough to stand for election and will be standing in the next communal elections in on Afghan policy

By Our Foreign Staff

A POWER struggle is developing between the Pakis-tan Government of Ms Benazir Bhutto and the country's mili-tary intelligence, with strategy over the future of Afghanistan playing a key role. Before Ms Bhutto took office

in December she reached an understanding with the army that she would not propose any changes to its structure for at least one year. However, this agreement did not extend to the Inter-Services Intelligence Directorate – military intelligence commonly known as ISI – which is headed by General Hamid Gul. ISI gained are unsavoury reputation. an unsavoury reputation under the dictatorship of Pres-ident Zia ul-Haq for indepen-dent operations which were often neither sanctioned by nor accountable to the President or his Cabinet.

Gen Gul is a career soldier and committed Islamicist who was thrust into the limelight in 1987 when he took over from General Akhtar Rehman as ISI director-general. From then Gen Gul formed part of the Afghan cell, along with President Zia and Gen Reh-

He was an important sup-porter of President Zia's unsuccessful arguments that Pakistan should not sign the UN accords securing the Soviet withdrawal from Afghanistan because the Mujahideen were in a strong position and would win anyway.

Ms Bhutto, while cautiously

respectful towards the mili-tary, dislikes ISI intensely, not least because it was responsi-ble for putting her and her mother under prolonged house arrest during the Zia

Her Government has started a review of intelligence services with a view to removing Gen Gul, neutralising his organisation and transferring much of its authority to the Intelligence Bureau (IB) which is now staffed by many former friends and supporters of Ms Bhutto's father, Mr Zulfikar All Bhutto. Ha was Prime Minister until his overthrow in

ister until his overthrow in 1977 by Gen Zia.

Gen Gul now seems certain to lose power unless he can secure the full backing of the army. One way his supporters have identified of doing that is to revive a fading army objective: a military victory in Kabul by the Afghan Mujahideen together with the installation of Gulbudin Hekmatyar, the Pakistan army's favourite Mujahideen leader, as head of government. Mr Hekmatyar, an Islamic extremist, has been an Islamic extremist, has been weakened since the US awitched its support away from him and since his men-tor, President Zia, was killed

This explains an extraordinary about-face by Gen Gul and the ISI towards the key Mujahideen commanders in the Kabul area, Mr Abdul Haq in the south and west, and Mr Ahmed Shah Massond in the north. They are rivals but both are strongly opposed to Mr Hekmatyar. However, both also have extensive intelliwhich Gen Gui would need if his favoured group were ulti-mately to win control after a

mately to win control after a military victory; his hostility has therefore turned to a courtship of Mr Massoud and Mr Haq.

The ISI plan suggests that once most of the Soviet troops have left Kabul a large segment of the Afghan army has already been lined up to defect and will assist Mr Haq's men to take rapid control of the capital in what would amount to a partial coup. Mr Massoud and, covertly, the ISI would then attempt to take over from Mr Haq.

Mr Hag.
Mr Massoud is a Tajik, who make up about a quarter of Afghanistan's population, and therefore has no chance what-ever of ever being an accept-able leader to the Pushtuns, by far the largest ethnic group. The way would be clear, there-fore, for Mr Hekmatyar to

seize coutrol.

That is the theory. It is not implausible and much of it bears out the worst fears of some Western governments about what could happen if the ISI intervened in the Afghan political vacuum.
It is not clear that Mr Abdul

Haq and Mr Ahmed Shah Massoud, who have years of experience of keeping one jump ahead, would be easily tricked by Pakistan military intelligence. But Mr Haq is short of weapons, ISI having man-ouevred to ensure that no-one but itself gave his group of supporters any ald, military er humanitarian (although the French are thought now to have agreed recently to supply

# London survives another day

It has to be conceded that London's new year rally has a certain tenacity about it. Yesterday's rise of only 9 points on the FT-SE may have looked unimpressive, but it repre-sented a defence of the 2050 level in the face of consider-able weakness on Wall Street. Although volume still looks abnormally high, it may be that the market is starting to consolidate, in which case it is time to look again at thefundamentals.

mentals.

The general expectation still is for earnings growth this year of 10 per cent or a little less. In the context of likely year-end inflation of 6 per cent or so, this suggests real growth approximately in line with GNP, compared with a real figure of some 9 per cent in 1988 ure of some 9 per cent in 1988 and uearly double that the year before. The market p/e, meanwhile, is around 10.5 for the current year, and around 11.3 for 1988 — around the long-run average, though that ranges from a ludicrous high of 19 just before the crash to a low of 7 in 1980.

Tha latter is a useful reminder of possible danger. The market's long-run assumption, for want of a better, is that earnings and dividends will grow in line with real GNP. Since 1982 they have grown very much faster, after lagging badly in the late 1970s. agging ready in the sate 1908.

For a couple of years now, analysts have been premature in forecasting their return to the norm. That could happen again this time: but it is thought-provoking to consider bow little it would take, at this stage in the. cycle, to produce a return to underperformance.

GT Management

Fund managers love to play the takeover game but when it comes to their own business it is sad to see that the friendly takeover bid is de rigeur. Yesterday, GT Management - one of the last of a fast disappearing breed of independent UK fund managers - agreed to be bought out at a measily 2.9 per cent premium to its suspension price of 175p. Admittedly an exit multiple of 23 times earnings does not look particularly cheap, and a price equivalent to around 3 per cent of the £3.3bn of funds under managebetween the 6 per cent paid for unit trust money and the 1% per cent for wholesale funds. However, if GT was earning the sort of profits it made in 1986 and 1987, its exit multiple

Mountleigh Share price relative to the

Deutsche Bank

decision to have a smallish rights issue looks odd. The

hank is asking for money at a time when its shares are 10 per cent down on their recent peak and the market is thoroughly

The longer term is another matter altogther. Deutsche

matter attogener. Depusche Bank will require even more equity than its peers if it seriously wants to rule supreme all over Europe, but in that case, the proposed issue of DM lbu-odd is not going to get it far. Between a third and half of it will so immediately inhelp-

if will go immediately inhelp-ing Damler to pay for MRB; and once it has set some petry cash aside for its latest venture

into insurance it will have lit-

If Deutsche is bearish abou

the market, it has a point. West Germany has had none of the rally of London or New

York over the past formight -

MB/Carnaud 1984 85 86 87 -88 89

in fact the shares of most of its big companies are down by 10 per cent — but equities have nevertheless held up well by comparison to bonds. The equity risk premium is less than a third its usual size with an earnings yield just 50 basis points higher than the yield on bonds, either the latter will fall — which does not seem likely given all the weakness of the DM and the strength of inflationary fears — or the price of equities must fall.

in fact the shares of most of its

A lot of people, it seems, are out to stop the MB/Carnand deal. Aside from the curious intervention yesterday of a posse of ex-Metal Box directors, Mr Elliott may have seriously complicated matters with the supposetion of a 2700m cerb would be less than 10; and any value attached to its brand name, particularly in the Far East, seems to have been more than offset by worries about its his suggestion of a £780m cash offer for MB's packaging business. This is some £50m less than the implied value of the existing deal, but Carnaud is offering only £240m in cash, and the rest in charge of the heavy cost structure. Mean-while, it is hard to see what Bank in Liechtenstein adds to the equation apart from money and the promise of a quiet life for GT's managers. GT's depar-ture leaves Henderson Admin-istration as the last big takeand the rest in shares. On the other hand, nothing is yet clear about the financial or over candidate in the sector, but given its friends in high places it would never get embroiled in anything as unsightly as a contested take-over hid. Elliott has in mind. It is not obvious why a brewer should want to make his own beer cans, although S.A. Brewing, a fellow-Australian brewer with which Elders has co-operated in the past, branched out into packaging three years ago. It may be that Mr Elliott is Unless Deutsche Bank thinks the German stock marplaying for time; but to what end, there is no saying. ket is in for a rough patch, its

Mountleigh

Mountleigh appears to have changed its spots, and if it has not, then its days as an indeedgy about interest rates. It is not as though it is in any urgent need of fresh equity, as all the key ratios are comfort-able for the time being even by its own nitra conservative etsodards. pendent company are probably numbered. Given that its property trading revenues more than quadrupled in the first six months to £450m whilst its profits fell by almost a third, it is no great surprise that it is setting out of property trading is no great surprise that it is getting out of property trading and into the development and investment game. At this stage in the property cycle, it had little choice. However, putting a value on the company is as difficult as ever. Its Spanish retailing business — a third of group assets - has turned around almost too quickly for comfort and there must also ha comfort and there must also be questions about Mountleigh's ability to execute successfully a Libu plus development pro-gramme. If the group's net asset value really is around £2.40 per share, then the shares are not expensive. But for the moment the jury remains out.

# Berlin refugees fuel support for far right

IRONICALLY, the influx into emergency quarters through-West Berlin last year of nearly out the city. But rumours cir-10,000 ethnic Germans from culated that the city was giv-Poland helped prodoce the backlash which gave the ultra-uationalistic Republicans a wholly unexpected 7.5 per cent which caused outrage among of the votes in last Sunday's native Berliners who waited

Chancellor, constantly appealed to Poland to allow its German minority to emigrate. When the Germans from the East finally began coming in large numbers to West Berlin in 1987, the city was wholly unprepared for them. Housing in particular was in critically short supply although the Christian Democrat (CDU) city Government insisted that West Berliners were well provided

The ethnic Germans were put up for long periods in bar-rack-like housing at the Marienfelde reception camp and

ing the Aussiedler - the evacnees - preference in obtaining lower-rental flats for years to get affordable

city election.

It is ironic because Mr Helis ironic because Mr HelMr Eberhard Diepgen, the
Mr Eberhard Diepgen, the governing mayor, still glossed over the acute housing short-age early last month by noting that it was a "by-product" of the growing attractiveness of West Berlin.

What made things even worse was the inescapable fact that many if not most of the ethnic Germans from Poland spoke only broken German or noue at all. To prove to the West Berlin authorities that they were of German extrac-tion they had to produce writ-ten proof. Often this was the Wehrmacht pass of a grandfa-ther who had served in the German Army in the First World War. Frequently, however, the

grandchildren spoke little or no German as this was discouraged in Poland after 1945. Thus, to a good many Berliners the ethnic Germans who spoke Polish to each other were simply more foreigners descending on them. The considerable number of Poles who could not prove their German roots were also allowed to

remain in West Berlin.

The city was already populated by an estimated 15,000 Poles who had come in recent years in search of work. Many of them, however, ended up liv-ing from the city's social wel-fare which further angered Berliners, especially the unemployed who make up 11 per cent of the population. There have been spates of vandalism

harred from entering West Ber-lin in 1987, the continued presence of thousands of young Sri Lankans, Lebanese and Afri-cans in the city who were awaiting a decision on their applications for political asy-

Although prevented by law from working, many regard them as shirkers who lived off public welfare. Professor Hartmut Jackel of

lum agitated a good many West Berliners.

West Berlin's Free University noted that while no right wing party had previously made such a sensational initial gain in West Germany, the future success of the Republicans was by no means a certainty. He recalled that the National Democratic Party of Germany (NPD) which wou seats in seven state parliaments in the 1960s, failed to gain entry into of Polish cars.

While most asylum seekers from the Third World were the Bundestag in tha 1969 elections and theu collapsed entirely in the regions.

### Britain plans major shake-up of health service

Continued from Page 1

their own hudgets. Doctors will then be able to choose a range of hospital services on behalf of their patients. This is likely to prove one of the most con-troversial elements of the

Critics fear that if family doctors must remain within budgets, patients with expen-sive health care needs — like the elderly and the chronically sick – will find doctors refus-ing to take them on their lists. The draft law is the culmunation of a review of health care announced by Mrs Margaret Thatcber, the Prime Min-ister, a year ago when Britain's bospitals were subject to widespead claims of under-

funding.
Mr Clarke is said to believe
that extra funds for the following two years will be essential to defuse Labour charges that the Government is intent on dismantling the NHS and is preparing to ask the Treasury for a further tranche of funds.

# Italy faces drought emergency

By John Wyles in Rome

THE WEATHER often makes news in Italy, hut in winter it is rarely a story of forest fires, weter shortages, undernour-ished crops and totally snow-starved skiing slopes.

For more than two months the country has suffered under

clear blue skies, and, despite a couple of thoroughly drenching days the weekend before last, the prospect of a severe drought emergency is looming over the centre and south of the peninsula.

The economic threat is a serious one for a country which imports about L12,000bn (\$8.8bn) of food a year. "If there is no substantial rainfall in February, then the planting of industrial food crops such as tomatoes, soya, tobacco and sunflowers will be virtually impossibla because the ground is so hard. So the food mannfacturers will have to import, the trade deficit will get worse and so will inflation becaus prices will inevitably rise." was the alarming prognostication offered yesterday by Confagri-coltura, which represents larger Italian farmers.

Italy's meteorological office blames the drought on an anticyclone which moved up from the Azores and planted itself firmly overhead on December The steady effect has been to block the entry into the Medi-terranean of wet winds blow-

ing in from the Atlantic.

The result is not just a parched landscape from the Po Valley southwards, but many of the hazards usually associated with a hot, dry summe Last weekend's air pollution scare in Milan is oue, since there has been neither wind nor rain to wash away car and industrial emissions. Winter in the northern capital got off to a dusty start in November with just 0.2mm of rain against a monthly average of 116, December yielded 41mm against an average of 65mm, but January has released just 2.4mm when the average is

Rome has also fallen disastrously short of its normal rain ration, receiving only 2.4mm ont of a January norm of 71mm. Aquaducts everywhere are extraordinarily low: two of those which serve Genoa are filled less than 30 per cent to capacity and the city fathers

have prepared a water ration-ing plan.

The situation in parts of the south is even more parlous, particularly in naturally dry Calabria, Sicily and Sardinia where water management poli-cies have long been at best

cies have long been at best rudimentary.

Meanwhile, "the north is burning" as one newspaper rather exaggeratedly described the uone the less extensive rash of forest fires which have been tronbling Liguria, Tuscany and Friuli. Two pilots occupied in dousing the flames near Savona sadly died when their aircraft crashed.

Hoteliers on the snowless Hoteliers on the snowless Alpine ski slopes are stridently

calling for government com-pansation for the billions of lire lost through cancellations. Farmers will soon be queueing up for a share of the L500bn allocated annually for natural disasters. The Government,

# De Beers referral inquiry

and consumers we would not be here. We act as a stabilising influence between supply and

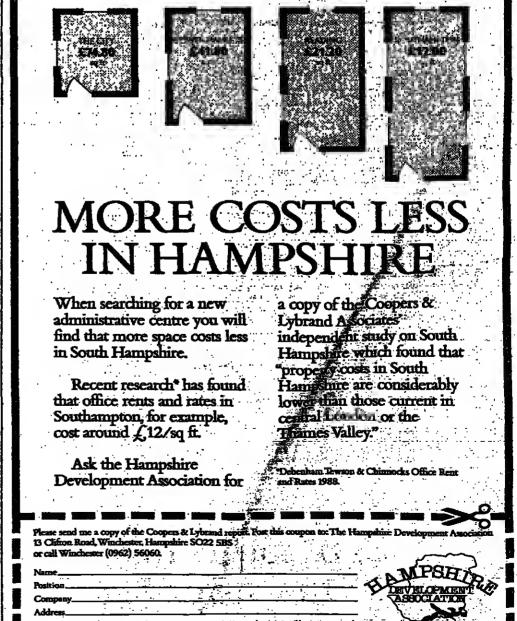
De Beers produces only about a third of the world's about a third of the world's diamonds but has persuaded most of the other producers – including the Soviet Union – to sell their stones through

The CSO employs 1,800 peo-ple in London. More than half are employed to sort diamonds into more than 5,000 different

Apart from buying and mar-

keting rough diamonds, the CSO maintains financial resources to stockpile rough dlamond anpplies when required and advertises and promotea jewellery sales of polished diamonds and sales of industrial diamonds.

The CSO has operated more or less in its present form for more than 50 years during which time diamond prices have never been reduced. Its sales reached \$4.172bn last year, 36 per cent shead of the previous record of \$3.075bn in 1987.





**WORLD WEATHER** 



# **FINANCIAL TIMES** COMPANIES & MARKETS

PROPERTY & PLANT **PROFESSIONALS** 

Wednesday February 1 1989

### INSIDE

### **Dutch faced with** takeover riddle



There is something of a connindrum facing shareholders in Medicopharma, the Dutch generic drugs group. They are being asked to decide between fell contrasting view of a deal with Hagemeyer, the Dutch trading group. In as

much as Medico-pharma's chares would cease to exist the con pany would seem to be being taken over. The two groups, however, prefer not to see it that way, reports Andrew Baxter, As Mr Suardus Fontein, Medicopharma'e chief executive puts it: the deal is "more like a country doctor leav-ing his practice to go out into the wide world with a beautiful lass." Page 22

### Go-ahead for BP buy-back

British Petroleum yesterday gained shareholders' approval for its £2.4bn scheme to buy back over half of the 21.6 per cent stake in the com-pany held by the Kuwalt Investment Office. Simultaneously, the group launched its new corporate logo — a modest reworking of its well-known green shield — after £1m of research. Page 28

### BMW sales go into overdrive:



Sales of BMW, the West German car and motorcycle manufec-turer, have grown faser than at any time since the mid-1970s. Helped by the success of the compa-ny's up-market 5- and -series models and by continued buoyancy in its main Euro-

pean markets, demand outstripped production capacity by a wide margin last year and group turnover jumped 26 per cent to DM24.5bn

### All good news in Amsterdam

Trading in Dutch chemicals group DSM starts next Monday, but the bourse's largest-ever privatisation has already helped spark a positive reaction in Dutch equities. Strong corporate earnings, low inflation and healthy consumer damand ara also behind a buoyant bourse, about which few analysts have anything bad to say, writes Laura Raun. Page 44

### Moving to a nickel defence.

The Philippines' Government had to look on enviously last yeer as nickel prices rocketed and energy costs fell. Unfortunately the country's Nonoc nickel complex closed in 1986, after years of neglect and low world prices had made the operation unprofitable. Tomorrow the Government holds a second tender for the complex and operating rights. But some experts believe the cost of reactivating the operation may prove too high. Page 26

### **Market Statistics**

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Hagemeyer Harvey & Thompson Hazlewood Foods Holighton Mollin inchcape Leisustime Inti Medicippharma Minet Heldings Caird Group Cambrian & General Petrofina Procordia 🦣 Cityvision Clarke Hooper Clydesdale Inv Trust Coca-Cola Securiquent Group Coine Valley Vision Skandie. St Paul Companies Cons. Metallurgical Throgmorton Trust Control Date **Dudley Jenions** 

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# Bank in £91m bid for GT Management

By Mikki Tait in London and John Wicks in Zurich

BANK IN Liechtenstein, the strong position in investment ser-Vaduz-based bank controlled by vices for institutional clients, as Vaduz-based bank controlled by the Liechtenstein royal family, yesterday announced a recom-mended £91.5m cash bid for GT Management, the London-based financial services group.

The deal brings together the largest bank in Liechtenstein, whose proposonsolidated assets

whose non-consolidated assets were put at around SFr5.5bn (\$3.5hn) at the end of 1988, and a City-based fund management group taking in unit trusts and mutual funds, as well as investment management for pension funds, corporate and private cliat GT are put at about £3.3bn.

well as its presence in the Far East and its overall research abilities. GT calculates that around 70 per cent of its funds are insti-

70 per cent of its funds are institutional, with unit trusts
accounting for 11 per cent.
For GT, chief executive Mr
David Fitzwilliam-Lay said that
he had viewed the bank as "a
super merger candidate — very
complementary from both a product and geographical viewpoint."
He said that he expected GT to
remain an independent profit remain an independent profit centre within the bank, and to operate "very much as at pres-

Yesterday, the Liechtenstein hank said it viewed the acquisition as a "textbook match." It is particularly interested in GT's European huyer. Last year

Thornton & Co linked up with West Germany's Dresdner Bank. Bid speculation has hung over GT for some time, and yes-terday Mr Fitzwilliam-Lay con-ceded that interest had been shown by a number of groups.

Discussions began with the bank about two months ago. GT, which was formed in 1969, came to the stock market in 1886, valued at £101.5m. However, like many fund management companies, it has suffered from the downturn in world markets. Pretax profits in the six months to the end of September were just \$2.7m and analysts expect a fullyear total of around £5.5m. In 1987/8, the figure was £12.77m. It has also seen a number of senior

to have some SFr14bn to SFr15bn worth of funds under management, sees itself principally as an international financial services company, with a private-bank character. Its specialties lie more in the private-client sector.

It also acts as a universal and custodian bank and in such fields as securities and foreign-exchange trading. In 1988, unaudited profits after tax were

The terms of the bank's offer are 180p per share, with a loan note alternative. In addition, shareholders will be entitled to swap all or part of their loan notes into hearer participating certificates in the hank. The terms of the swap are 10 BPCs for every £2,773 nominal of loan notes. This paper alternative is

calculated to value each GT share at around 195p. GT shares returned from their

suspension price of 178p to close at 181p last night. The BPCs do not carry voting rights and are unlikely to be quoted in London. They do, how-evar, have similar financial rights to profit participation as the voting bearer shares - 99.7 per cent of which are held by The Prince of Liechtenstein Founda-

The bidder starts by owning or having irrevocable undertakings to accept in respect of 15.8m GT shares, or 31.04 per cent of the equity. Further support is indicated from another 2.33m shares to be issued on the exercise of

# The name is the game at a Boston tea party

Honeywell Bull yesterday changed its identity and launched a \$20m advertising campaign to enhance its US image. Alan Cane reports

ESIGNED well, built well, but farewell, Honeywell. One of the oldest names in the computer husiness slipped into oblivion yesterday as Honeywell Bull, the computer maker owned jointly by Groupe Bull of France, Honeywell of the US and NEC of Japan announced that henceforth it would he known as Bull HN Information

The move is part of an amhi-tious plan to establish Groupe Bull as a major competitor in the worldwide information systems market. It claims to be Europe's leading computer company hut ranks only ninth in the world among information technology

Its overall turnover - including Ball HN - of about \$5bn (\$4.96bn) a year is about a tenth that of the industry's leading

company, International Business
Machines.

Honeywell Bull was only established in March 1987 with Groupe
Bull and Honeywell each holding
42.6 per cent stakes and NEC 15

Yesterday's name change role: last month, as permitted under the original deal, it raised its shareholding to 65.1 per cent through the acquisition of a 22.6 per cent stake from Honeywell. The US company has gradually been pulling out of the computer industry to concentrate on its core business of industrial automation and control.

The Bull name is comparatively unknown outside France and an advertising campaign, costing an initial \$20m, is about to start to try to create awareness of the name throughout the

"Know Bull" is the campaign'a principal slogan, backed up by some of the most terrible puns ever inflicted on the computer industry's potential customers - "Capabull," for example, "Adaptabull," and so on.

It is the third major change for

Honeywell Bull in less than six months. In August 1988, Mr Roland Pampel took over as president and chief executive officer. An experienced computer industry professional, Mr Pampel had previously been chief executive at Apollo Computers, a seller of high-performance workstat-

In a second move later in the year, Honeywell Bull moved its headquarters from Minneapolis, Honeywell's home town, to Billerica, just outside Boston.
But it is the third change, the

new name, which is the most significant. Mr Pampel says it "sig-nifies the company's emergence as a distinct and identifiable worldwide competitor in information systems.

Why should the company feel a series change of name to be so ary and so significant? The answer lies at least in part in the web of husiness relationships in the modern computer wiustry.

Honeywell Bull came into being to take advantage of several inter-related factors: Honeywell had been keen for some years to reduce its presence in the computer industry

While its sales had grown steadily in the 1970s partly because of the acquisition of the computer husinesses of the Gen-

eral Electric Company and Xerox Corporation, it had begun to fail in competition with the industry leader, IBM. By 1986, its share of the mainframe market was only

2.4 per cent and was scarcely profitable.

• Groupe Bull, having recovered from a series of poor financial results, was anxious to grow out of its role of French national champion to become a big league

player.

NEC was anxious to find marketing channels to Europe and the US through which to market its high-performance, mainframe

The deal was helped by the fact that the three companies had a common technological pedigree which had its origins in designs Honeywell licensed to NEC in the early 1960s. Bull and NEC subse-quently set up technology sharing agreements.

While Groupe Bull was always the dominant partner, the earli-est arrangements for management involved much sharing of

Mr Jacques Stern, chairman of Groupe Bull, said recently: "NEC works by itself - it is a large and integrated company, a worldwide technology leader. Bull and Honeywell Bull can share in that technology. The three companies co-operate at board level in order to see how we can bring all our resources to make Honeywell Bull successful."

But as Mr Pampel said yesterday: "Our change of name recog-nises that a single partner, Groupe Bull, will provide the leadership for this partnership. This will result in faster and more cohesive decision making.



Jacques Stern, chairman of Groupe Bull: Keen to promote expansion in the fiercely competitive US computer market

greater concentration of available research and development and more efficient supply of systems

Groupe Bull now comprises two companies, each with its own management - Bull SA, basically the French company, and Bull HN, the old Honeywell Bull. What are the chances of suc-

cess for the new group? Groupe Bull itself is now profitable and intends to target the government sector, the financial services sector, manufacturing and retail as key niche areas, and there should be economies through shared research and development, a common product line and shared

purchasing and marketing. The newly-named group has a reasonable number of mainframe customers who are tied to it hy proprietary technology, but it cannot hope for growth in this

Its best bet would seem to be medium-sized machines where it offers standard technology of the kind which has become very popular with customers.

Its challenges are clear. First, to establish the name Bull as a worldwide force in the industry. Second, to convince the market it has that something special to become more than an also-ran in the big computer league.

### Deutsche Bank rights issue seeks to raise DM1.28bn

By Halg Simonian

DEUTSCHE BANK, West Germany's biggest commercial bank, is to seek DM1.28bn (\$689m) in new funds from its sharebolders in a one-for-15 rights issue priced at DM450 a share. These are the same terms as its last rights issue in 1987.

The news knocked both the bank's share price and the Ger-man equity market in general yesterday. Deutsche Bank shares closed at DM524.90 in Frankfurt, down DM11.10, hefore falling to around DM521 to DM523 in after-hours trading, dealers said. Meanwhile, the DAX real-time index of leading German equities dropped sharply to 1,312.73 from 1,328.37 in reaction to the rights issue, the Berlin election result

and interest rate fears.

The decision to raise new capital, which follows recent rights issnes hy Dresdner Bank and Bayerische Vereinsbank, was not entirely unexpected. German banks have been expanding their halance sheets and using the recent sharp rise in equity prices to raise new funds.

Dentsche Bank said its rights issne, which will raise share-holders' funds to DM12.3hn at group level, would be used to keep pace with the bank's continning growth and to secure room for manoeuvre for future commercial decisions."

While no specific acquisition targets have been mentioned, the bank has had a number of calls on its cash of late. Last October it paid ont DM400m to rescue Klōckner & Co, the Duishargbased trading house. Since then it has announced the creation of a new life insurance operation and also made a string of small foreign acquisitions, including a 50 per cent stake in Bain & Co, an Australian broker, and the outstanding 50 per cent stake in Albert de Bary, a Dutch trade finance house.

While further purchases have not been ruled out, especially in neighbouring European countries ahead of the planned free internal market in 1992, nothing immediate appears to be on the

However, the bank will face another heavy payment when Daimler-Benz, in which it owns a 28 per cent stake, comes up with its widely-expected rights issne

later this year.

Dentsche Bank said profits for last year, which will be revealed at the end of March, pointed to "a good result." Partial operating profits, which exclude gains from own account trading, at parent bank level rose almost 28 per cent to DML57bn Lex, Page 20

# Business equipment shake-up will cost Xerox \$275m

By Roderick Oram in New York

XEROX announced yesterday a shake-up of its business equip-ment operations, with the aim of improving profits which lag well behind those of the company'a financial services division.

Under the restructuring Xerox will drop or scale back some product lines, cut 2,000 jobs and revamp product development, manufacturing and marketing worldwide. It took a \$275m pretax charge in the fourth quarter

"We are making fundamental changes in the way we do husi-ness," said Mr Paul Allaire, Xerox's president. "We are becoming a more market-driven company better to use and focus our technological strength as well as eliminate unnecessary

Including the charge, Xerox reported yesterday a fourth-quarter loss of \$77m a share against net profits of \$155m, or \$1.43 a share, a year earlier. Revenues were \$4.4bn against \$4.1bn. With-

out the charge, net profits were \$167m, or \$1.57, for the latest three months.

Full-year net after the charge was \$388m, or \$3.50 a share. It was \$632m, or \$5.90, without the charge against \$578m, or \$5.35, a year earlier. Revenues were \$16.4bn against \$15.1bn.

Financial services including insurance were the best perform-ers within the group, turning in net profits of \$315m on revenues of \$5hn for the year against \$280m on \$4.4hn a year earlier. Business products including

copiers, printers and other office equipment generated annual net profits before the restructuring charge of \$317m against \$298m a year earlier on revenues of \$11.5bn against \$10.7bn. To revive the division's performance, Xerox is dropping out of

medical equipment and scaling back electric typewriter produc-Fully \$140m of the pre-tax charge is for closing plants or

cutting production capacity and for writing down inventories.

Xerox forecasts the changes will save \$100m to \$120m pre-tax

a year, thus paying for them-selves within two years. Units involved in product development will he realigned along market segment lines such as copiers, printing and docu-

ment systems.

The new head of development and manufacturing is Mr William Lowe who joined Xerox in December after making his reputation heading International Business Machine's personal computer business.

Worldwide sales and marketing will likewise be oriented more closely to market segments with a focus on special applications in, for example, insurance, aerospace and pharmaceutical industries. The sales effort will integrate channels such as direct sales, dealerships and third party sales that had been largely sepa-

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# Goldberg increases Tootal stake By Ray Bashford in London

MR ABRAHAM Goldberg, the Australian textile manufacturer. has raised his stake in Tootal three days after the UK textiles company firmly rejected his plan

The holding has been increased from 14.4 per cent to 17.2 per cent following the purchase of 8m shares on Monday. Mr Goldberg's stake is capitalised at about £62m based on Tootal'a closing price yesterday of 129%p - up %p on the day. Mr John Craven, Tootal's

chairman, said he was unaware

of Mr Goldberg's intentions. "He

(Mr Goldberg) has clearly got some other agenda, other than what he has put to us, which will

cant stake in Tootal.

Last Saturday Mr Craven informed Mr Goldberg that his board had rejected a proposal for Tootal to acquire all of the Australian's textile and clothing operations in return for a signifi-

Mr Cravan said he did not know how much of Tootal Mr Goldberg expected to receive through the merger proposal. Some analysts calculate it could have been about one-third of the capital, which would have lifted his holding to around 50 per cent. Tootal rejected the plan, saying it lacked commercial logic and

that "it would not be in the best

no doubt be revealed in the full-interests of shareholders as a ness of time," the chairman said. whole to have one individual exercising significant influence over the group." Mr Goldberg sold a 29.9 per

cent stake in Tootal in December 1985 after losing a hotly contested takeover battle earlier that year which valued the company at

In November and December last year Mr Goldberg acquired a 9 per cent stake and last week pushed this to 14.4 per cent, before placing his merger proposal before the Tootal board. London stock brokers said yesterday that a considerable number of Tootal shares were available at current prices.



NOTICE OF EARLY REDEMPTION

### **ULTRAMAR PLC**

(the "Company")

£40,000,000 6% Convertible Bonds due 2002 (the "Bonds") Convertible into Ordinary Shares of

### **ULTRAMAR PLC**

Redemption Date: 20 March 1989 Conversion Right Expires: 10 March 1989

NOTICE IS HEREBY GIVEN to holders of the Bonds that, pursuant to the Terms and Conditions of the Bonds (the "Conditions") and in particular, Condition 5(b), the Company has elected to redeem all the outstanding Bonds, constituting £37,975,000 in aggregate principal amount as at 30 January 1989, on 20 March 1989 (the "Redemption Date") at a redemption price of 105% of the principal amount thereof together with interest accrued to (but excluding) that date fixed for redemption.

Payment of the redemption price of the Bonds will be made on or after the Redemption Date upon presentation of the Bonds (together with all unmatured interest coupons (the "Coupons") relating thereto attached) at the offices of any one of the Paying and Conversion Agants set forth below. If e Bond is presented for redamption with any unmatured Coupons missing, then the face value of any unmatured missing Coupon will be deducted from the sum due for payment. Payments of principal, premium and accrued interest in respect of Bonds will be made against surrender of Bonds in sterling at the office of any Paying and Conversion Agent, by sterling cheque drawn on, or at the option of the Bondholder, by transfer to, a sterling account maintained by the payee with a Town Clearing branch of a bank in London. Interest on the Bonds will cease to accrue on and after the Redemption Date.

### **CONVERSION RIGHTS**

Holders of Bonds have the right, on or before the end of 10 March 1989, to convert the Bonds into fully paid Ordinary Shares of 25 pence each ("Ordinary Shares") of the Company. The closing middle market quotation of the Ordinary Shares (as shown by The Stock Exchange Deliy Official List) as at 30 January 1989, being the latest practicable date prior to publication of this notice, was

The Bonds may be converted in accordance with the Conditions at the principal amount thereof Into Ordinary Shares at the conversion price of 224p per Ordinary Share. In order to exercise the conversion right, the holder of any Bond to be converted shall deliver the relevant Bond at the office of any of the Paying and Conversion Agents set forth below, accompanied by a duly signed and completed notice of conversion in the form obtainable from the specified office of any of the

The applicable Conversion Date shall be the business day in London next following the date of whichever shall last occur of the delivery as aforesaid of the relevant Bond and the duly signed and completed notice of conversion and the making of all (if any) payments referred to below required to be made by the

Each Bond delivered in respect of the exercise of conversion rights should be delivered with at unmatured Coupons appertaining thereto, falling which the Paying and Conversion Agent will require payment of an amount equal to the face value of any missing unmatured Coupon. A Bondholder dalivaring a Bond for conversion must pay all taxes and stamp, issue and registration duties (if any) arising on conversion other than any taxes or capital or stamp duties payable in the United Kingdom by the Company in respect of the issue of Ordinary Shares on conversion.

In accordance with the Conditions, no payment or adjustment shall be made upon conversion of any Bond for interest accrued on such Bond since 11 May 1988.

Ordinary Shares issued upon conversion will be registered as of the relevant Conversion Date in the Croinary Shares issued upon conversion will be registered as of the relevant conversion Date in the name of the Bondholder completing the notice of conversion or his nominee and will rank parl passu in all respects with the Ordinary Shares in issue and fully paid on such Conversion Date save that they will not be entitled to any dividends or other distributions declared or paid or made by reference to a record date in respect of dividends or other distributions for Ordinary Shares prior to or on such Conversion Date. Certificates for Ordinary Shares issued on conversion will be despatched by post, free of charge to or to the order of the converting Bondholder, in accordance with the instructions contained in the notice of conversion (subject to any applicable laws or regulations), at the risk of the person entitled thereto within 28 business days after the relevant Conversion Date. No fraction of an Ordinary share will be issued on conversion and, except where any individual entitlement would amount to less than £2, cash payments will be made in respect thereof on and subject to the terms provided in the Trust Deed, However, if more than one Bond shall be delivered at any one time for conversion into Ordinary Shares to be registered in the same name, the number of Ordinary Shares to be issued on conversion thereof shall be calculated on the basis of the aggregate principal amount of the Bonds to be converted

Delivery of Bonds to any of the Paying and Conversion Agents after the end of 10 March 1989, recordless of any instructions in any notice, will result in payment of the redemption price of 105% of the principal amount of the Bonds together with accrued interest to (and including) 19 March 1989, subject as provided

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### INTERNATIONAL COMPANIES AND FINANCE

# Dutch groups push gentle merger

Andrew Baxter on Hagemeyer's 'non-takeover' of Medicopharma

hen is a takeover not a takeover? That will be the riddle for shareholders in Medicopharma, a small, fast-growing Dutch producer and distributor of generic drugs, to ponder when they meet at Amsterdam's World Trade Center this after-

A short stroll away at the Hilton Hotel, shareholders in Hagemeyar, the vanerabla Dutch trading group which, since 1983, has been majority owned by Hong Kong's First Pacific trading and financial services concern, will be discussing the same question.

Together, the two extraordinary general meetings mark the start of the final countdown to what both companies hope will be the successful con-clusion of a saga that, for many observers and critics, has seemed to typify Dutch attitudes towards the rationale for mergers and the relation-ship between managements

For a deal of its size - Hage-meyer is offering one of its shares for every 1.145 Medicopharma shares, valuing the Zaandam-based concern at about Fl 160m (\$76.2m) - a great deal of beat has been generated in recent weeks. Dutch traders and press commentators described the terms as "completely ridiculous" and "daylight robbery." How low can a bid be, asked one Dutch

In reply Mr Suardus Fontein. nt and chief executive of Medicopharma, somewhat poetically likened the link-up to a "country doctor leaving his practice to go out into the wide world with a beautiful

Behind the badinage lie two contrasting views of who should benefit from the deal, and what sort of a deal it is, In the sense that Medicopharma's shares will soon no longer exist, it is being taken over, but the two companies prefer

not to see it that way. Instead, they believe that, as the prospectus puts it: "The essence of the merger philoso-phy is that all the economic benefits accruing from the merger will be reflected in the shares of the combined com-pany." To achieve this, the exchange ratio for the deal was pased on the market value of the shares before the deal was first announced, with no pre-mium payable to Medicopharma sharebolders.

"Granting a premium in favour of one of the parties would weaken the financial position of the combined com-pany and impair its strength," adds the prospectus;

It is, above all, this principle that has upset some of Medico-

By George Graham in Paris

ELECTRICITE de France

(EdF), the French power generating authority, fell back into

the red last year with a loss of FFr1.8bn (\$285m), after a slight profit of FFr200m in 1987.

Nevertbeless, Mr Pierre Delaporte, chairman, claimed

that the year had been excel-lent, with unhoped for progress in the industrial energy mar-ket, a 23 per cent increase in

electricity exports and a move into new sectors such as cable

EdF could have made a profit during the year, Mr Dela-



Andrew Land: 'support is building up'

in the UK and US, where pre-miums are generally payable, whatever sort of deal is planned, as part of the price an acquiring company pays to get what it wants. It is significant, therefore, that among opponents of the deal are some of the UK institutions, which hold 25-35 per cent of Medico-pharma's shares.

The merger process got off to an uncertain start in mid-De-cember when the two compa-nies were obliged to publicise the terms earlier than planned because of the need to keep trade unions informed. Amid a welter of criticism, they were pushed on to the defensive before Christmas as a sharp rise in Medicopharma's share price - to around the same level as Hagemeyer's at F1 75 - threatened to undermine the

terms of the deal.

However, the initiative swung back to Hagemeyer and Medicopharma as they continued to emphasise the commercial benefits for both companies and reiterated their determination not to alter the

Analysts, too, began to write enthusiastically about the logic, and the mathematics, of the deal. "Slowly and surely, there is current building up." there is support building up," says Mr Andrew Land, Hage-meyer's management board chairman, With Mr Fontein, be was in London last month to win shareholders' support for the deal.

The industrial case for a merger appears powerful. Encouraged by First Pacific, Hagemeyer has reduced its traditional bulk trading activities and built up a strong position in consumer electronics distri-bution. However, it needs to spread its risk further on a product and geographical basis, says Mr Land, and will also gain an entrée to the noncyclical, expanding generic

drugs sector. Medicopharma, meanwhile.

porte said, but the unusually warm weather of 1988 had cost

it around FFr1.7bn in lost reve-

nue, the Government's refusal

to allow the group to raise its prices early last year another FFr1.6bn and the rolling

strikes in the group's power stations at the end of the year FFr350m to FFr400m.

36.7bn kilowatt hours in 1988.

The UK remained the largest client, buying 12.8bn kwh, while Switzerland and Italy

Mr Delaporte said net exports of electricity to neigh-bouring countries had risen to

EdF returns to the red with FFr1.8bn loss



Suardus Fontein: 'going out into the wide world'

meyer's extensive worldwide distribution channels to increase its expansion abroad. as there is little room left to grow in the domestic drug dis-tribution market. The company already has a highly-promising springboard into the US generic drugs market and in the Far East is expected to take advantage of First Pacific's strong position in pharmaceutical distribution.

The excellent thing that Hagemeyer has to offer is its international operations," says Mr Fontein. "We can realise

Among those independent observers hoping the deal will go through is Mr Charles Hunter, an analyst at Banque Paribas Capital Markets. He points out that Medicopharma shareholders will, in a sense, receive a premium for their shares through an "enormous yield premium" resulting from higher earnings per share and an increased dividend.

Had the company remained independent, it would have faced heavy investment to con-tinne its quest for critical mass. I don't think Medicopharms shareholders had realised that their company, without a strong group behind them or sophisticated international financial management, would not see earnings growth, says Mr Hunter.

Hageneyer, meanwhile, will have to increase its number of shares outstanding by 50 per-cent to effect the deal with its more highly-rated partner and Mr Land admits shareholders will suffer some dilution in earnings per share this year before the benefits of the deal

work through to profits.

This is one of many reasons why the deal is being opposed by some Medicopharma shareholders. Co-ordinating some of the complaints is Optimix, a Dutch broker that played a leading role in the so-called "Addet allair" a year ago. Then it initiated a pressure group of

regional newspaper chain to force VNU, the hig Dutch pub-lishing group, to raise its bid. Mr Peter Meyer Swantee, managing director of Optimiz, says a number of UK institutional shareholders in Medico pharma, which he would not name, are unhappy about the merger, believing that Hage-meyer is not an attractive partner for Medicopharma or "the sort of stock that institutions want to have in their portfo-lios." Also, the terms are "much too low" for a highgrowth company such as Medi-copharma, and the fact that Hagemeyer was unable to make a cash offer indicates that it is "not a very powerful

He criticises, too, the general attitude of the two companies towards their opponents. It's a situation where they are saying: What are you making a fuss about? Our labour force is happy, so why bother? This is all being done in your inter-ests." Optimix is complaining to the SER, the Dutch agency that has limited oversight of mergers, over what it sees as insufficient financial informa-

tion about the merger and wants the agency to give its opinion before February 10.

A further, complicating element is the role of First Pacific, which is controlled by the family and associates of Mr Liem Sice Leong, the Indone-sian-Chinese businessman. The terms have inevitably raised suggestions in the Netherlands that the Hong Kong-based group is acquiring Dutch assets on the cheap. This is denied by Mr Manuel

Pangilinan, First Pacific's man-aging director, who says: "I think the terms are fair. It is important to look at the future prospects of the merged insti-tutions." First Pacific was involved in the deal from the earliest stages, and will retain a elender majority of the expanded share capital after it

The fate of the deal now seems finely balanced, despite the public relations blitz by the two companies. Mr Meyer Swantee says he believes there is enough opposition to scup-per it, but the two companies have not said what majority they will accept and reserve the right to call off the deal if fewer than 90 per cent of shares are tendered by February 9.

Hagemeyer, meanwhile, is still looking for acquisitions, and hopes, as Mr Land puts it, to round off a couple of positions" — hixury food imports to the US, where it is already the largest player, and automo-tive distribution in the Benelux countries. In the US, at least, it may have to play by

their negotiations with their

vital debt servicing costs were cut to around 10 per cent of sales by the end of the cen-

reinsurance business and reduction in claims in certain

### BMW sales increase at fastest rate since 1970s

By Andrew Flaher in Frankfirt

BMW, the West German motor group, experienced a sharp acceleration in business last year, with a 26 per cent increase in group turnover to DM24.5bm (\$13.2bm). This was its fastest rate of sales increase since the raid 1979. increase since the mid-1970s and was helped by its success-ful up-market 5- and 7-series models and by continued buoyancy in its main European

markets.

Demand outstripped production capacity by a wide margin, the company said. In Germany alone, where the overall market was down, new RMW registrations were 21 per cent higher at more than 180,000 cars. In the whole of the 12-member RC, they jumped by nearly 20 per cent to 317,000

BMW gave no profit indications, though analysts expect increases both for last year and in 1989. Mr Eberhard von Kuenheim, chairman, said only that profits would follow on from the levels of previous years. In 1987, parent com-pany net profits rose by 11 per

cent to DM375m. This year, he added, "pro-duction and unit sales of BMW antomobiles will probably climb further." Last year, total car ontput was 5 per cent higher at 484,800 units, with unit sales up by 6 per cent to 487,800 cars. RMW's revenues were belped considerably by the stronger showing of its more expensive, higher-margin 7- and 5-series models, accounting for 44 per cent of production against 30 per cent

in 1987. For tha first time, the Munich-based company had a full year's output of all variations of the 7-series, of which 58,000 were produced. This car has been outselling the 5-class models of rival Daimler-Benz, whose next generation of up-market saloons is due in 1990. BMW's new 5-series, introduced a year ago, has also been selling well. The cheaper 3-series is due for replacement next year, but the company has started limited output of its new Roadster Z1 sports car. In the US, where conditions have become tougher for all high-priced imported models, BMW registrations fell by 10

per cent to 73,400 cars. How-ever, 7-series registrations, which accounted for 13,300 of this figure, rose by a third. The company also said it expected US sales to benefit this year from the introduc-tion there at the end of 1988 of

3 in je

### Petrofina share price unmoved by income rise bought between 9bn and 10bn ing to name the utilities with which these deals had been signed for fear of upsetting

By Tim Dickson

THE SHARE price of Petrofina, Belgium's biggest company, was unchanged yes-terday in the waks of Mon-day's announcement of a 15 per cent increase in 1988 profits to BFr20.2bn (\$519m).

national governments.

Mr Delaporte said the real objective for EdF must be a reduction of its mountain of debt, which rose by FFr9bn to FFr233bn at the end of 1868 and is expected to rise again slightly this year.

Mr Delaporte said it was vital debt servicing costs were However, while the results from the oil giant had been widely expected in the market, a couple of related developments took analysts by sur-prise.

· First was the plan for a onefor-15 rights issue at BFr11,000 (compared with yes-terday's close of BFr13,975) to raise BFr14.8bn - the company's first capital increase since 1971. The board gave no details of the issue in its statement except to say that it was "to sustain the increased rate" of capital spending and invest-ment growth.

The other unexpected move

was a proposed 15.8 per cent increase in the dividend to BFr400 per share net of withherado per share net of with holding tax, prompting one observer to speculate mischie-vously that gentle pressure-might have been applied by Petrofina's powerful share-holders (among them Groupe Bruxelles Lambert and Société Générale de Belgique).

# Skandia operating profits fall by 15%

with other European utilities.
"Some electricity generators are now renouncing the aim of national self-sufficiency and contenting themselves with European self-sufficiency," Mr Delaporte sald, though declin-

Edf had signed electricity supply contracts totalling 260bn kwh, assuring the French ntility of FFr65bn of revenue between now and the end of the century, Mr Delaporte said, including some recent long-term contracts with other European utilities.

By Sara Webb in Stockholm:

SKANDIA, Sweden's leading SKANDIA, Sweden's leading insurance group, yesterday reported a 15 per cent drop in operating profits for 1988 due to lower capital gains on its investment portfolio. However, the board proposed raising the dividend from SKr24 to SKr3 per share to reflect the wider. per share to reflect the under-lying improvement in its insur-

ance operations. ance operations.

Operating profit (before extraordinary items) fell to SKr910m (\$144m) last year from SKr1.073bn in 1987, according to preliminary fig-

Tha group said its 1987

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results had been boosted by unusually large gains on share sales and added that profits from the sale of investment assets in 1968 were back at "more normal" levels. Profit from the group's financial "more normal" levels. Profit from the group's financial operations fell 18 per cent from SKr1.686bn in 1987 to SKr1.89bn last year. However, Skandis reported a strong improvement in the results from its non-life insur-

ance operations, turning a loss of SKr20m in 1987 into a profit of SKr300m last year. Skandla said the improvement was helped by the recovery of its

areas.

Paid-in premium income rose

SE-5 (Sim. by 12 per cent to SKr5.03bn.
Total claims costs jumped 16
per cent to SKr3.84bn,
although Skandia said that this
was due to "a few blg losses on
the commercial side," particu-

larly overseas. Skandia said that claims costs in areas such as car insurance and home insurance had been reduced, but admit-ted that profits from the car insurance side needed to improve further.

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### INTERNATIONAL COMPANIES AND FINANCE

# Bass Group reveals 5.6% stake in Houghton Mifflin

By Anatole Kaletsky in New York

HOUGHTON MIFFLIN, one of to \$55 a share, assuming that the few US book publishing Houghton Mifflin was put in companies which had remained untouched by last remained untouched by last year's wave of leveraged take overs and buy-outs, learned yesterday that Bass Group had purposes" and added that it accumulated a 5.6 per cent stake in it.

The group is the investment that the property is the investment of the property in the investment.

THE RESERVE

- :8:;

The group is the investment Houghton Mifflin's execu-vehicle of Mr Robert Bass, the tives were said to be in meet-

expectation of another profit-able bidding contest.

The new market price valued the whole company at about

at Allied

it was 19 per cent above that year's underlying result, exclu-ding special items.

Mr Edward Hennessy, chair-man, said Allied would have earned \$390m or \$2.32 in 1987 had it not been for one-time

gains from the sale of its Hen-

ley Group subsidiaries and an

issue of stock in Union Texas

Petroleum, another former sub-

sidiary.
Allied's total sales in 1988

increased by 7 per cent to \$11.9bn, but the latest quarter's

sales were up only 2 per cent at

materials division rose 8 per

By Tim Dickson in Brussels

its determination to expand sales ontside Europe hy

announcing a joint venture with RTZ, the diversified Brit-

ish company.

The groups' decision to pool their resources in the field of

specialty chemicals for radia-

tion curing - products used in printing inks, varnishes and adhesives - creates a com-pany whose turnover is likely

to be about BFr4bn (\$102.8m) a

year.
The venture - Radcure Spe-

cialties - will have licensees

in Asia as well as operating subsidiaries in Europe and the

US, where RTZ Chemicals'

UCB, one of Belgium's largest chemicals and pharmaceutical tucky will be integrated with concerns, yesterday underlined UCB's commercial and techni-

cent to \$3.03bm.

**Signal** 

vehicle of Mr Robert Bass, the acquisitive Texas billionaire who played a crucial role in ment, but arbitrageurs said the last year's bid battles for Bell & Howell and Macmillan.

Boston-based Houghton Miffilin's shares jumped \$9%, or Indiging by its past record, more than 25 per cent, to:\$45% the Bass Group could push the shortly after the announcement, as Wall Street arbitrageurs said to be in meetings and unswallable for comment, but arbitrageurs said the Bass stake left open several about the management to organise a leveraged buy out or accept an geurs snapped up the stock in meetings and unswallable for comment, but arbitrageurs said the Bass stake left open several about the Bass Group could push the management to organise a leveraged buy out or accept an expectation of another position. leveraged buy out or accept an outright takeover. The new investors could also be hoping to precipitate a bid from a big international media group.

Like other US publishing

\$650m, but analysts spoke of a companies, Houghton Mifflin is "takeout price" of at least \$50 "thought to be poised for a

period of rapidly-growing cash flow and earnings, as demand for textbooks picks up in response to the increasing number of school-aged children

in the population.

The publisher is particularly strong in elementary reading texts, a field which is thought to have excellent growth pros-

Some sceptical analysts point out, however, that Houghton's 1969 earnings and cash flow, estimated at about \$2 and \$4.50 a share respectively. tively, might not support a buy-out price much above the current level of around \$45. As for the possibility of a bid from a foreign group, they noted that several of the most aggressive bidders for US publishing companies may have sated their appetites with take-overs completed in the past

Strong year | Higher margins lift

two years.

USX's energy side By Anatole Kalstsky

By Anatole Kaletsky ALLIED SIGNAL the US leading energy company, reported little change in the underlying profits of its steel-making operations, but a sig-nificant improvement in its aerospace, antomotive and chemicals conglomerate, has reported net income of \$104m or 70 cents a share in the fourth quarter. Earnings were 35 per cent up on the year-ago figure from

energy businesses, primarily because of higher margins on refined oil products. USX made net profits of continuing operations, which came to \$77m or 50 cents. Allied's total earnings in the year ago quarter were \$136m or \$158m or 55 cents a share in the fourth quarter and \$756m or \$2.62 in 1988 as a whole. In 88 cents, after a one-time tax 1967 there was a net loss of \$14m or 13 cents in the fourth quarter and a profit of \$219m or 54 cents in the full year. In 1988 as a whole, Allied made \$463m or \$3.10 after tax from its continuing operations. While this was lower than the Annual sales increased by 13 \$515m or \$3.07 reported in 1987,

per cent to \$16.9bn. The results were signifi-cantly affected by unnsual items, arising from a lengthy steelworkers' strike, a big asset restructuring programme and an oil inventory valuation adjustment.

Total operating income in 1988 was \$1.4bn for the whole year and \$262m for the fourth quarter, against \$931m and \$209m respectively in the previ-

The steel segment's operat-ing income was \$500m for the

year and \$16m for the quarter, In 1987. effits from as adjustments.

cal centre at Norfolk, Virginia. Mr Georges Jacobs, UCB's chairman, explained: "The move will enable research and

development to be intensified, opening the way to new appli-cations in this field."

The joint approach is typical

of the strategy being developed at UCB, a successful company in recent years but one which, by virtue of its relatively small stature on the international

stage, faces a challenge in years ahead. Mr Jacobs indicated yester-

day that turnover in 1988 was likely to be ahout BFr35bn, against BFr33bn in 1987, while

USX; the biggest US included several charges and steelmaker, which is also a Mr David Roderick, charman, leading energy company, said that, excluding unusual items, fourth-quarter income

was \$117m, "approximately equal to the 1987 period." Marathon Oil, the company's main energy business, had annual operating income of \$506m, compared with \$442m. Fourth-quarter income was \$123m after a loss of \$13m in

the year-ago quarter.

Mr Roderick said the improvement in operating income was primarily due to higher refined-product mar-

The year-ago loss was due to a \$96m unfavourable valuation adjustment.

Texas Oil & Gas, another energy subsidiary, suffered an operating loss of \$31m in 1983, compared with a \$2m profit in 1987. Its fourth-quarter loss was \$7m, against \$4m the year before. The declines resulted mainly from lower gas gather-ing margins and crude oil

USX's diversified business egment had full-year operating income of \$338m in 1988, compared with \$171m the year before. About half the improvecompared with \$125m and \$89m ment was due to one time ben-in 1987. effits from asset restructuring

> profits after heavy investment and research expenditure would be close to the previous

year's BFr1.78bn.
Along with several other
European chemical groups,

UCB has deliherately disen-

gaged from cyclical activities

over the last 20 years, concentrating on areas where high

UCB is now divided into

added value can be obtained.

three sectors: pharmaceuticals, where its policy of investing up to 16 per cent of turnover in research has paid off with the development of drugs like Nootropil and Zyrtec; chemicals, where it has a global presence in several wagisly, products.

in several specialty products; and cellulose and plastic film

UCB in joint venture with RTZ The Seattle-based company

It said the challenges it faced included increasing out-put of jet airliners, getting deliveries of its 747-490 airliners back on track and solving productivity problems at its de Havilland commuter aircraft

Net profits for the three months to end-December rose 23 per cent to \$174m or \$1.14 a share from \$141m or 92 cents a

year earlier. Revenues were \$4.87bn against \$4.64bn.
Full-year net grew by 28 per cent to \$614m or \$4.02 a share from \$480m or \$3.10, with revenues advancing 9.4 per cent to \$16.96bn from \$15.51bn.

The company attributes the higher earnings, which were still short of 1936'a \$665m, to higher sales volume, lower research and development costs and other new husiness expenses on jet airliners, computing, electronics, defence and space programmes, and lower taxes.

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Committee Member

### Control Data slips into red in last quarter

By Roderick Oram

CONTROL DATA, the computer maker and service group still struggling to wring profits from a mid-1980s restructuring, has reported a fourth-quarter loss and barely broke even for the full year.

Mr Robert Price, chairman,
warned that Control Data's
operating performance "will
continue to be disappointing
until we fix the problems that
undermined 1988 results."

These included poor performances by mainframe, super-computer and semiconductor subsidiaries that wiped out improved results from disk drives and many of the group's

service operations.

The loss for the three months ended December was \$12.8m or 31 cents a share, against net profits of \$10.8m or 26 cents. Revenues edged ahead to \$923m from \$927.5m. For the full year, the com-pany earned net profits of \$1.7m or 3 cents against \$19.3m or 45 cents on revenues of \$3.63bn, compared with

Shipments of mainframe computers fell significantly abort of plans because of a chip shortage and start-no delays on the Cyber-90 mid-range machine. Demand was weak overall for the company's computers, particularly in the US.

Results from ETA supercomputers were "poor, largely because of a lack of maturity in operating system software," Mr Price said.

VTC, the group's chip-mak-ing subsidiary, was making technical progress to bring a new semiconductor fabrication facility on-line but further improvement was necessary before revenues improved.

### **Boeing** soars 28% to \$614m

By Roderick Oram

BOKING has reported sharply higher fourth-quarter and yearly earnings, with its booming airliner business more than offsetting operating losses on military programmes that reflect slightly lower sales and "significant perfor-mance problems" on several

forecast sales growth of about 30 per cent this year to around \$22bn.

unit in Canada.

### US QUARTERLY RESULTS

lifted profits in the fourth quarter following asset sales and strong earnings in its chemical, refining and market-

UNOCAL, the US ofl company,

ing sectors.

Earnings jumped to \$141m or \$1.21 a share from \$29m or 26 cents the previous year, on revenues of \$2.65bn against

Profits for the year rose to \$480m or \$4.12 from \$181m or \$1.56, with revenues increasing to \$10.1bn from \$9.4bn.

GENERAL DYNAMICS, the US defence contractor, was assisted in the fourth quarter by cost cutting at its general aviation and army tanks

operations.
It posted net earnings for the period of \$110.2m or \$2.64 a share, including 60 cents of tax credits, against \$95.3m or \$2.27 a share including 48 cents of tax credits. Revenues increased to \$2.49bn, com-pared with \$2.45bn.

However, net income for the full year fell to \$379m or \$9.03, from \$437.3m or \$10.26 on rev ennes ahead to \$9.55bn from \$9.41bn.

 BLACK & DECKER, the US power tools maker, advanced strongly in the first quarter, taking net income to \$38.4m or 65 cents, compared with \$31.1m or 53 cents last time. Sales jumped to \$705.5m.

# Users seek to boost Unix system

By Roderick Oram in New York

USERS of the Unix computer operating system developed by AT&T took further steps yesterday in their quest to ensure Unix develops into an open standard applicable to a wide range of equipment and appli-

cations software.

Unix International, a user group formed last September, announced the appointment of senior officials and an organisational structure designed to make it the "product develop-ment manager" for Unix. Its new president and chief executive is Mr Peter Cun-

computer maker.

The group will be based in northern New Jersey, with Open, an international consor-

ningham, from ICL, the UK

and Tokyo. Writing Unix software

remains the task of AT&T and Sun Microsystems, a leading maker of powerful computer workstations. But the user group said it would draw up specifications, timetables and other aids to orderly develop-

All members of the user group will receive releases of Unix at the same time early in the process, preventing anyone from gaining a competitive advantage.
Unix International, now

additional offices in Brussels tium of computer companies and software vendors, to meet X/Open's goal of open systems. Until recently, computer users have had little choice but to be locked into proprietary operating aystems developed by manufacturers. Such

> from integrating products from different manufacturers or transfering applications software from one system to another. In October 1987, AT&T

systems often prevent users

launched an attempt to unify the differing versions of Unix that had sprung up over the previous 20 years. It made a grave strategic mistake, however, by making it appear that

Sun and AT&T's own computer group would gain an inside track in the race for an open system.

Competitors led by interna-tional Business Machines, Hewlett-Packard and other manufacturers formed, last year, a counter group, the Open Systems Foundation, to develop their own version of Unix. In spite of attempts by users to unite the fighting factions, OSF is still pursuing its

own course. AT&T and Sun will have "no special privileges" as members of Unix International, Mr Bob Kavner, president of AT&T's Data Systems Group, said yes-

# Coca-Cola profits up by 14%

By Karen Zagor in New York

COCA-COLA, the world's largest soft drinks company, yesterday reported strong annual and fourth quarter with Roberto Goizueta, chairlargest soft drinks company, yesterday reported strong annual and fourth quarter earnings, pushing the com-pany's run of unbroken growth

Net income for the fourth quarter rose by 22 per cent to \$235.5m or 65 cents a share, from \$193m or 52 cents a year earlier. Revenues increased by 1.8 per cent to \$2.03bn from

For the year, net earnings increased by 14 per cent to \$1.04bn or \$2.85 a share, from \$916m or \$2.43. Sales increased by 8.9 per cent to \$8.34bn from \$7.65bn

During 1988 the company bought back 18.8m shares from stockholders. Coca-Cola reported a 33 per

By Laura Raun in Amsterdam

and fibres group, saw 1988 net income fall 11 per cent last year to Fl 840m (\$401.9m) or Fl 20.87 a share from Fl 942m or Fl 23.43 in 1987 because of extraordinary items.

These amounted to a Fl 10m

loss last year instead of the F1 273m gain in 1987, which

was mainly due to the sale of Akzo's consumer products divi-

Net income before extraordi-

nary items jumped 27 per cent to Fl 850m from Fl 669m due

AKZO, the Dutch chemicals and fibres group, saw 1988 net income fall 11 per cent last consolidated companies -

man and chief executive, said, The ontstanding return on equity and earnings level achieved in 1988 reflect the

strength of our global soft drink business and its continu-ing momentum."

He added that Coca-Cola expects 1989 to be "another banner year with earnings per share growth once again well into the mid-teens".

In 1988, shipments of soft drinks rose 7 per cent world-wide. Overseas operating income rose by 21 per cent. In the US, shipments of soft drink concentrate and symp increased by 6 per cent.
According to Coca-Cola, the

Akzo raises payout despite income fall

FI 120m against FI 53m. Reflecting the underlying improvement in business, Akzo

lifted its 1988 dividend by a

hefty 14 per cent to F1 7.50 a

Operating income and sales rose in nearly every sector. Chemicals, synthetic fibres and

coatings, in particular, helped

boost operating income by 20

Synthetic fibres continued to

share from Fl 6.60.

company's share of the US carbonated soft drinks market is more than 40 per cent. In the group's other businesses, volume for aseptically packaged products increased 15 per cent in the year, led by the strong performance of Hi-C. Frozen orange juice volume

dropped 22 per cent, chilled orange juice volume fell by 6 per cent. Coca-Cola said the decline was consistent with industry trends.
Non-operating items included a 52 per cent decline

in net interest expense due to higher cash flow and a 57 per cent decline in equity income because of lower earnings at Columbia Pictures as a result of one-time write-downs associated with the restructuring of

rebound from the difficulties of

past years, contributing to

wider operating margins of 8.6
per cent in 1988 compared with
7.6 per cent the year before.
Total revenues climbed 7 per
cent to F1 16.6bn from
F1 15.5bn, boosted by 4 per
cent higher selling prices.
Within chemicals, the basic
chemicals did notably well

chemicals did notably well

per cent to Fl 255m from Fl 147m as a result of higher

investments and acquisitions.

amid the cyclical upturn. Finance charges soared 74

### Varity bids again for Fruehauf

By Robert Gibbens

VARITY, the Canadian farm equipment gronp which owns the Perkins diesel engine business in Britain, is making a second attempt to buy Michigan-based Kelsey-Hayes by launching a firm bid for its parent, Fruehauf of the

Last October, Varity pulled out from talks aimed at bnying Fruehauf or its Kelsey-Hayes subsidiary. The parties could

not agree on terms.

Now Varity is offering two thirds of one of its common shares, worth US\$3% on Monday, for each Fruebauf com-mon share and 2½ Varity com-mon for each Fruehauf

Estimated value of the bid is US\$850m. Fruehauf sbareholders have to choose between this and a Fruehauf management recapitalisation plan. Varity says the latter is worth less than its sbare-exchange

Kelsey-Hayes specialises in making parts for cars and light trucks, with a subsidiary in

Canada. It would fit well with Vari-ty's Dayton Waither vehicle parts subsidiary in the US, which makes wheels and braking systems for heavier vehicles and accounted for 16 per cent of Varity's total sales in fiscal 1987.



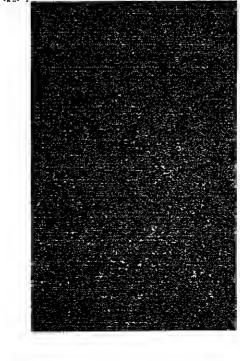
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### INTERNATIONAL COMPANIES AND FINANCE

# Regent and EIE in \$300m New York hotel venture

By John Elliott in Hong Kong

International of Japan yester-day announced the US\$300m development of a 46-storey, 400-room hotel on a prime site in New York's midtown Manhattan between Madison and

Mr Robert Burns, Regent's American founder and presi-dent, said yesterday that his privately owned company also. has a site in London for a 200-

room hotel, although he declined to specify where.
The developments are part of an international expansion by the group, which runs 12 lux-ury hotels concentrated in the Asia-Pacific but including the

Asia-Pacific but including the Mayfair Regent in New York.

The flagship of the group, which owned London's Dorchester Hotel in the mid-1980s, is the highly-rated Regent overlooking Hong Kong harbour.

Other plans include hotels in Manich and leterabul as well as Munich and Istanbul as well as filan, Taipei and Jakarta.

Tokyo-based private company controversial bny-out of his beaded by Mr Harmori Taka-Hong Kong operations, wants to sell. projects already under way in Milan, Taipei and Jakarta

THE Hong Kong-based Regent International Hotels and EIR Great Eagle negotiating sale of HK flats

GREAT EAGLE, the main Hong Kong property company of the Lo family, is negotiating to sell the Tregunter luxury flats development in the colony's Mid Levels area to Allied Properties for around HK\$1.8bn (US\$281m).

Allied, controlled by the Malaysian Mr Lee Ming Tee, would pay in cash and new shares. Great Eagle acquired Tregunter in September 1987 for about HK\$780m.

ing the New York site. The hotel is being designed in classical style by Mr. I.M. Pei, whose work includes the new Bank of China in Hong Kong, the world's fifth tallest build-

Regent will manage the hotel and Mr Burns said he hoped it would also have an equity stake. The high development cost would mean that it would not show a "nortitus cash flow." not show a "positive cash flow for five or six years" but should achieve an 8 per cent

return over 15 years. EIE International is a

Lines executive. He has turned KIE from a small electronics manufacturer into a property developer since he acquired control in 1979.

EIE bought a 30 per cent stake in Regent in 1967. It also has a 49.8 per cent offshoot in

This company has a 50 per cent share in the colony's Bond Centre office development with an option to buy the other 50 per cent if Mr Alan Bond, the Australian entrepreneur currently in the middle of a

# Century profits set strong pace

PROFITS OF Century Enka and Century Textiles and Industries (CTI), two compa-nies controlled by Mr Basant Kumar Birla, rose strongly last year, setting the pace for a strong season of results from the Indian corporate sector.

Century Enka doubled its gross profits to Rs689m (\$46.2m) from Rs315.5m while those at CTI rose by nearly two thirds to Rs643.9m. Profits after tax and other provisions were Rs331.3m for Century Enka against Rs42.4m, and Rs276.5m at CTI compared with

Century Enka will pay a total dividend of Rs42 per share, lifting the payout rate to some 60 per cent from 38 per

cent last year since the capital was increased by a two-for-five scrip issue. CTI has amounced a dividend of Rs30 per share

against Rs24.
Companies of the Birla group, which have a calendar accounting year, are shead of most others in releasing their annual results. The Birlas fol-low an indigenous accounting system called padtha, which enables the management to keep track of profits on a

day to day hasis.

Century Enka produces nylon tyre cord and yarns. It has diversified from textiles to cement, paper and pulp, and

Mr Birla says the two Century companies will remain the

vehicles for any further expan-sion. The strategy is in contrast to the entirely new ven-tures being launched by his son, Mr Aditya Vikram Birla. These include a Rs7bn natural gas-based fertiliser project in the northern state of Utter Pradesh and a Rs12bn crude oil processing refinery on the west

coast at Mangiore, Century Enka plans to invest Rsi.5bn over the next two years in its chemicals and spinning plants, and CTI intends to add im tonnes of cement making capacity, set up a large iron plant and a 500 megawatt power generation facility. The Government is due shortly to open power generation to the private sector.

# Minet sells South African stake

By Jim Jones in Johannesburg

from South Africa after what was described locally as pressure from St. Paul Companies, its new US parent.

The British company is sening its 60 per cent interest in Minet Holdings for an undisclosed amount. After the trans. a total payment of 42 cents.

Otts normally declares divi-African company's equity will be held by employees while Minet of the UK will sell its residual 35 per cent sharehold-ing to Syfreta, a trust company in the Nedbank group. At the same time Nedbank will transfer its 40 per cent interest in Minet Holdings to Syfrets. The divestment agreement

guarantees the South African company continued access to. international markets and continuation of its links with Lloyd's and other London insurance brokers.

Otis Elevator, the South African lift and escalator company which is a substdiary of the United Technologies group of the US, has resumed declar-

MINET, the UK-based ing dividends which almost insurance broker, has divested completely absorb earnings. In the year to November, turnover was R72.0m (\$29.9m) against R63.4m and pre-tax profit rose to R16.5m from R14.4m. From net carmings of

dends which fully absorb earnings as the US parent is unwill-ing to increase its investment in South Africa through retentions. United Technologies also fears future prohibitions on the externalisation of retained

earnings. No dividends were declared in 1987 as the company repead borrowings incurred after an unexpected tax bill. The tax authorities altered the regula-tions which had permitted companies such as Otis to offset future expenses against advance payments on long-term contracts. Otis has now repaid the debt.

• Everite, the South African cement and asbestos products

company controlled by the Swiss Eternit group, more than doubled attributable profit in the six months to December as a result of strong demand from the building industry. Nevertheless, the directors

say the return on investment remains below that needed to maintain the capital of the First-half turnover increased

to Risim from Risam and pre-tax profit was R24.5m against R15.2m. Last year Everite completed a restructuring of its operations while, in the past six months, Turner & Newall of the UK sold its residual 25 Old Mutual, South Africa's cent interest in Everite to largest insurance company. The interest was acquired in 1987 with the merger of the aspestos cement interests of Everite with those of Turner &

Net earnings rose to 68.3 cents a share from 32.3 cents and the interim dividend has been lifted to 22 cents from 13.5

# CMI lifts earnings in first six months

By Jim Jones

CONSOLIDATED Metallurgical industries, the South African ferrochrome maker, lifted sales and profits in the six months to December as demand and

rrices grew strongly.
Turnover advanced to R142.0m (\$59m) from R55.7m and the interim pre-tax profit rose to R74.2m from R17.5m

prices were increased by 24 per cent. They expect the market to remain firm beyond the end of this financial year and say the second-half results will at least equal those of the first

half Profit retantion has increased in anticipation of a R60m expension which will lift The directors say demand was production to 200,000 tonnes a particularly strong and dollar year from the present 150,000

tunnes. Other ferrochrome producers are expanding their capacity and industry officials

have expressed concern about oversupply next year. Net earnings increased to 101 cents a share from 35 cents and the interim dividend has been raised to 35 cents from 20 cents. Last year's full earnings were 89 cents and a total dividend of 65 cents was paid.



### Bank Negara declares co-operative insolvent

By Our Financial Staff

Malaysian central bank, has declared insolvent the country's biggest deposit-taking co-operative bank after taking control of it a year ago, agen cies report from Kuala Lum-

The central bank said it has applied to the courts for the appointment of a receiver for Cooperative Central Bank (CCB), where the accumulated loss had risen to 726m ringgit (US\$265.6m) by the end of 1987 from 329m ringgit at end-1986 Bank Negara last week froze

the assets of 17 major borrow ers from the CCB and impounded the passports of more than 40 others to recover loans from them.

The bank said in a state ment that a government-sponsored rescue package was being worked out to repay depositors, who are mostly civil servants, in full.

CCB, with total assets of 1.68bn ringgit at end-1986, is the first financial institution year. In 1987 a total of 23 cooperatives were forced into receivership in similar mea-

 Berjaya Corp. (Malaysia), a diversified manufacturer, said yesterday it plans to make two acquisitions at a total cost of 172.5m ringgit, to be financed through a one-for-one rights issue raising 210m ringg

The company said it will acquire some 9.8m Sports Toto Malaysia shares from Raleigh for 132.8m ringgit, bringing Berjaya's total holding in Sports Toto to 26.4m shares, a stake of some 88.1 per cent. Raleigh is Berjaya's control-ling shareholder, holding an 81.4 per cent stake in the com-

Beriaya will also pay Uniphone Telecommunications some 39.7m ringgit for 7.5m in Sistem Television Malaysia the country's sole commercial

TV station the purchases will also be used by the company to subscribe to its entitlement in a rights ue by South Pacific Textile Industries, which on January 27 announced a three-for-one

rights issue. Berjaya said its own proposed rights issue of 210m new shares priced at 1 ringgit each will double the company's capital to 420m shares. The company said that its earnings

outlook should be improved by the purchases. • Genting of Malaysia plans to sell its gaming, hotel and resort related activities to a subsidiary for 442.8m ringgit to restructure is operations.

The company said this would "transform Genting into an investment holding and management company thereby allowing greater flexibility, control and ability to focus on managing the diversifled interests of the group." Genting's Resorts World

will issue and allot 27.2m new shares to Genting and 54m shares to indigenous Malays in line with local laws. The issue will raise the capital of Resorts World to 180m ringgit from 98.8m ringgit and Resorts World will seek list-ings on the Kuala Lumpur and Singapore stock exchanges, Genting said.

Genting's other main inter-ests are in plantations and

 The Capital Issues Commit-tee of Malaysia has rejected an application from Cold Storage Holdings (CSH) of Singapore for a listing on the Kuala Lum-pur Stock Exchange.

CSH said the application was turned down on the grounds that it is not a Malay-

The UK-registered Cold Storage Holdings last year transferred its main assets to CSH and issued new shares. Until then Cold Storage was listed both on the Singapore and both on the Singapore and Kuala Lumpur exchanges.

Analysts said the rejection was indicative of a slowly widening split between the two exchanges.

Temasek Holdings, the Singapore government-owned investment company, is to transfer its 16.2 per cent stake in Jurong Shipyard to the Sembawang group. Ishikawaji-ma-Harima Heavy Industries Holdings, the Japanese shipbuilder which owns 30 per cent of Jurong, has agreed to the transfer, Temasek said.

The restructuring will enable an enlarged group to work closer with IHI and embark upon ventures and projects now outside the capacity of each shipyard, Sembawang Holdings said.

### Samba profits up

SAUDI AMERICAN Bank (Samba), 40 per cent owned by Citibank of the US, boosted profits 161 per cent last year to SR235.2m (US\$62.7m), writes Finn Barre in Riyadh.

The bank cut provisions for doubtful loans by 11.8 per cent to SR147.1m, while expenses held steady and profits from treasury operations increased. Total assets stand at SR24.1bn.

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has completed a leveraged recapitalization with aggregate financing of

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The Yasuda Trust and Banking Company, Limited Notice to Bondh

The Yasuda Trust and Banking Company, Limited U.S.\$100,000,000 24% Convertible Bonds Due 2001 U.S.\$100,000,000 PA% Convertible Bonds Due 2002

U.S.\$100,000,000 Z%% Convertible Bonds Due 2003 Adjustment of Conversion Price

Pursuant to Clause 7(E) of the Trust Deeds dated 10th November, 1986, dated 10th September, 1987 and 26th July, 1988 (collectively the "Trust Deeds") constituting the above Convertible Bonds (the "Bonds") respectively, notice is hereby given as follows:

The Company shall offer rights to subscribe for the Shares ffective as of 1st April, 1989 at an issue price of Japanese Yen 1,000 per Share to the Shareholders of record as of 3:00 p.m. 31st Ianuary, 1989 (Japan time) at the rate of 0.1 Share for each one Share. As a result of such offering, the Conversion Price of the above Bonds have been adjusted as follows, in accordance with Clause 7(H)(ii) of the Trust Deeds, respectively, effective as from

1st February, 1989.
(A) U.S.\$100,000,000 24% Convertible Bonds Due 2001
Conversion Price Before Adjustment: ¥1,295.26 Adjusted Conversion Price:

(B) U.S.\$100,000,000 11/4% Convertible Bonds Due 2002 Conversion Price Before Adjustment: ¥2,503,80 Adjusted Conversion Price: ¥2,385.70 (C) U.S.\$100,000,000 27/4% Convertible Bonds Due 2003 Conversion Price Before Adjustment:

¥2,100,00

¥2,000.90

Date: 1st February, 1989 The Yasuda Trust and Banking Company, Limited

Adjusted Conversion Price:

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£100,000,000 Floating Rate Debentures 2000 Issue Price 100.10 per cent.

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The Financial Times proposes to publish this survey on: 13th February 1989

For a full editorial synopsis and advertisement details, please telepho Richard Oliver on

Madrid 459 01 50 or Sandra Lynch on 01-248 8000 ext 4199 or write to her at: Bracken House 10 Cannon Street London EC4P 4BY

**FINANCIAL TIMES** 

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THE SANWA BANK LIMITED Agent Bank

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1-3 years experience dealing with European debt instruments. EDITORIAL RESEARCHER A graduate with 1-3 years experience with a bank or relevant institution is required to edit,

proof read and collate documents for presentation to Senior Analysts. A In addition we urgently require:

-SENIOR FINANCIAL ANALYST ———— SOUTHEND— BANK MANAGER (GR.4 PT.ACIB)—— PARTNER DESIGNATE (GEN. PRAC.)----- BATH-CORPORATE FINANCE EXECUTIVE --- LONDON-Interested applicants should contact Mr Nick Pasha or Anthony M Justin at the address

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### INTERNATIONAL CAPITAL MARKETS

# First peseta Eurobonds pulled at state request

THE FIRST two pessets denominated Eurobond issues have been withdrawn at the request of Spanish financial authorities, which said they had not gramed approval for the deals.

for the deals.

Mr Eduardo Aguilar, an official at the Spanish Treasury, yesterday confirmed that the underwriters had been asked to abandon the deals on the grounds that no peseta-denomi-nated securities can be issued without the permission of domestic authorities.

The two privately placed issues concerned were a Pta6bn three-year bond for Finnish Export Credit, which was pulled by the lead manager, Bankers Trust International, and a Pta5bn three-year deal for Paribas International Finance (Curacao), which was cancelled on Monday by the lead manager, Banque Parlbas

Belgium. The Paribas deal was widely distributed last week among Benelux banks and other inves tors before it emerged that its launch had upset Spanish

two authorities.

bond While the deals were wn at intended as private placefinanments, Mr Aguilar said that said Spanish brokers were quoting secondary prices on screens, making the bonds available to investors. Private placements typically remain in the portfo-

ilos of the original investors and are not traded.

Officials at both issuing houses confirmed that the deals were never formally syndicated, but had aroused a firm reaction from the Spanish Treasury which raised objections to the two banks' senior

Both the Treesury and the Bank of Spain are understood to have complained that they were not consulted before the deals were launched. So far, permission to issue in pesetas has been restricted to borrowers of sovereign or suprana-tional status. Neither of the projected borrowers met this

Mr Agullar confirmed that it is planned to extend permis-sion to a wider range of borrowers. However, this is not expected to occur for some

spanish banks are also believed to have objected to the timing of the deals; which coincided with last week's Ptaisbn Matador-issue for the European Investment Bank. Local banks dominated the syndicate formed to place the EIB paper and at the time of the private placement issues were struggling to sell their allocations.

allocations.
The Spanish Government's policy is to operate a queueing system designed to avoid satu-ration of the market. Similar policies exist in the UK and West Germany.

Unlike Euro-peseta bonds which are distributed outside Spanish jurisdiction, Matador bonds are bonds insued by for-eign borrowers in the Spanish one of the newest and smallest of the Euromarkets, has attracted several deals this year and banks are forecasting aignificant expansion of

# Sweden plans data screen

By Sara Webb in Stockholm

RIKSBANK, Sweden's central bank, together with 32 of the country's commercial banks and brokerages, is planning to launch a new screen-based data service to provide domestic money market players with an up-to-the-minute price infor-

mation service.

The service, to be called PMI (Penningmarknadsinformation, or money market information), is scheduled to start in August.
The money market cannot exist without a well-function-

ing system for spreading price information," said Mr Anders Salen, head of domestic operations at the Riksbank, Sweden's money market has

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Flatand 78 98.
Ford Motor Credit 8 91.
Gen Elec. Credit 18 40.
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Gen Elec. Credit 18 92.
Hallian BS 94 93.

expanded rapidly in recent years, taking off with the intro-duction of bank certificates in 1980 and the subsequent introduction of market rate. Trea-

The price information has been carried by Reuters and region. But increasing dissatis-faction among banks and brokerages over the level of serprovided Reutersprompted them last year to investigate the feasibil-ity of an alternative system and break up the monopoly.

FT INTERNATIONAL BOND SERVICE

PMI, with a share capital of SKrim, will be jointly owned.

by the leading banks, broker ages and the Riksbank. Devel-opment costs in the first year are expected to reach SKri5m-20m (\$2.3m-3.1m). PMI will be run as a com-mercial enterprise, with dis-

tributors paying a subscriber fee for the information. So far, 11 distributors have been invited to participate in the operation, including Telerate and Reuters, which has built up a large number of customers in the Nordic region.

Mr Nils-Robert Persson, head of PMI, said he expected banks and brokerages from the other.

Nordic countries would be invited to join the new system

Closing prices on January 3

buy-out firm.

"Investor response was good," said Drexel. It said US and international investors made commitments to buy more than \$5bn of the bonds.

manager said.

have projected that a recession will lift the US economy in 1990 or 1991. This has sparked concern over highly leveraged issuers of high-yield debt.

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"The sale of food and ciga-rettes, the mainstays of RJR-Nabisco, are the most immune to the effects of a recession," a junk hond trader said. g The \$5bn private places

Lynch, each for \$1ba.

securities lews

# Japan's trust

### STRAILHTS | Install Albert STRAILHTS | Install Albert Nat. BS 104: 935 | 50 | 503 | 904 | 904 | 904 | 6.05 | 6.05 |
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Fed. 

and abroad.

"There was active demand from investors for fund trusts and Tokkin funds last year. Wa put half of the total into the stock market."—e foreign trust bank fund manager said.

The foreign trust had yader

ager said.

Indonés has 20 per cent. Geof-frion has been running at a loss since the October 1987 crash

for Crédit Lyonnais CL-ALEXANDERS Laing and Cruikshank Eurosecurities, part of the Crédit Lyonnais group, will today begin mar-ket-making in Eurosterling bonds as a first step toward underwriting securities in that The move runs counter to the recent trend seen particu-larly smong US-based houses to withdraw from the Euro-

issues debut

**Sterling** 

bond business with the view that operations are unlikely to be profitable in the forseeable future. Firms which have pul-led out recently include Paine. Webber, Smith Berney and Bank of America Interna-tional, as well as the Eurobond broker, Purcell Graham. An official at El-Alexanders Laing and Crulkshank said the firm had singled out sterling because it believed the absence

of new government borrowing will create ample opportunities for corporate borrowers in. that currency. Eurobond operations will be run in close, connection with the firm's gilt-edged market-making activities. The firm, which will operate

under the name CL-Eurosecur-ities, has already acted as a co-manager on seven Euro-sterling issues this year.

### **Drexel raises** RJR Nabisco bond placing

DREXEL BURNHAM Lambert has increased to \$5hn from \$3bn a private placement of RJR Nabisco bonds because of strong demand, Reuter reports. The high-yield deal is aimed at partly financing the \$25bn buy-out of RJR Nabisco by Kohlberg Kravis Roberts, the New York-based leveraged

They will be notified today shout their commitments.

The purchasa of RJR Rabisco by Kohlberg Kravis is

the biggest corporate takeover in history. "There is a reasonable prospect that in two years RJR wilk be able to pay down debt." a portfolio. A number of economists

is part of a financing that includes two bridge loans from Drexel Burnham and Merrill

Lynch, each for 31ba.

The note placement was considered a major hurdle for the deal, which worried traders because of its size and the involvement of Drexel.

Drexel last month agreed to plead guilty to six felony charges and pay a record \$650m in fines and civil restitution for violatione of secutities laws.

# banks expand managed funds

FUNDS under management by the nine foreign trust banks operating in Japan rose to Y2,800hn (US\$21.6hn) at the a year earlier, Reuter reports.

The tharp increase was mainly due to the growth of the domestic stock market, the Trust Companies Association of Japan said. Foreign trust banks invest both in Japan

Y30bn in pension funds under managament at the end of 1988 against Y20bn at the end of 1987. Japanese trusts have about Y26,000bn in pension funds under management.

"We are unable to expand

our pension - fund ehare because we do not have the close relations with Japanese companies that Japanese trust banks have," the fund man-

GROFFRION Lectere, the big Quebec-based brokerage firm, is holding talks with a view to taking on Board a "substantial equity participation," writes Robert Gibbens from Montreal. The Laurentian Group and Mr Guy Degmarais, Geoffrion president, logether own 59 per cent of Geoffrion, and Banque-Indicates him 30 person. Geoff-Indicates him 30 person. Geoff-

Quebec firm in talks

### INTERNATIONAL CAPITAL MARKETS

# Treasuries close mixed after drop at long end

By Janet Bush in New York and Kamarine Campbell in London

US TREASURY bonds below its highs at Y120.10 and stock gained in price — mostly yesterday fell back from mod DM1.8755. stage on dealer re-positioning at this est early gains as rumours est early gains as rumours swept the market that the Treasury was planning to increase the amount of long bonds due to be suctioned in the shape of the Japanese yield the quarterly refunding later curve began yesterday as the

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 $\theta_{i} = \theta_{i} = \frac{1}{2} \left( \theta_{i} \cdot \theta_{i} - \theta_{i} \cdot \theta_{i} \right)$ 

**税** 11.12年

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Market 12 1 1989

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Bond prices started with GOVERNMENT gains of as much as % point which mostly reflected a stronger dollar, but by midsession, long-dated issues stood as much as % point lower. Prices recovered to close mixed.

At the close, long and shortdated maturities were around a point lower with medium-dated issues scored gains of around a point. The yield on the Treasury's benchmark long bond rose to 8.82 per cent.

The earlier drop at the long end was attributed by dealers to rumours that the Treasury had been calling around market participants asking for the reaction to the idea of cutting the amount of three-year and 10 year notes to be sold and raising the total of 30-year hoods to be sold. The Treasury. bonds to be sold. The Treasury did not comment on the specu-

lation. The rumours appeared, at least in part, to have been prompted by a press report that the Treasury would have to sell around \$50bn in bonds to finance plans to ball out the savings and loan industry.

Bond market losses yester-day morning were limited because of a rise in the dollar. In late New York trading, the US currency was quoted just on the direction of a flatter day. High coupon stock lost their premium, and low coupon

result of an expected change in accounting rules-for commercial banks.

The domestic yield curve is instantly recognisable for its rather quirky profile, being flat as far out as seven or eight-year maturities, rising sharply thereafter. This derives from the preference of investors for high coupon stock, for which they are prepared to pay hefty premiums.

The mooted change to bank accounting practices means that capital gains and losses will now have to be booked on portfolio accounts, whereas previously only coupon pay-ments were booked. Stock purchasers, formerly prepared to pay up for high compons, will now scrutinise total returns rather than running yields. more in line with most of the

Reports yesterday that the change was likely during the next fiscal year (April onwards) immediately produced a 14 basis point correction in the direction of a flatter

BENCI	MAR	K GOVER	NMENT B	ONDS
	Coupon	Red Dete Price	Change Yield	Wook Month
UK GILTS	13.500 9.750 9.000	9/92 106-08 1/96 99-17 10/08 99-13	3/32 9.83	10.39 10.78 9.84 10.21 9.05 9.27
US-TREASURY .	8.675 9.000	11/16 99-00	+4/32 8.98 - -2/32 8.62	8.95 9.15 -8.51 9.00
JAPAN No 111 No 2	4.800 5.700	6/98 98.4510 3/07 169.1504	0.106 4.78	4.78 4.75 4.77 4.78
GERMANY	6.375	11/96 97,4750	-0.150 6.78	6.68 6.59
FRANCE BTAN OAT	8.000 9.500	1/94 96.6985 5/96 104.8700		8.58 8.58 8.68 8.63
CANADA .	10.250	12/96 101.3750	0.125 18.02	9.98 .: 10.15
NETHERLANDS	6.7500	10/98 99.6250	-0.350 6.66	6.77 : 6.61
AUSTRALIA	12.000	7/90 92.9015	-2.396 13.25	-12.94, · 12.89

London closing, "denotes New York closic Yielde: Local market standard Prices: US, UK in 32nds, others in decimal Technical Date/ATLAS-Price Sources 1172

stage.
Thus the No 49 bond dua 1992 which bears an 8 per cent coupon closed to yield 3.88 per cent, 7 basis points higher than the previous close. At the low coupon end of the market, on the other hand, the No 101 issue due 1997 with a 8.9 per cent coupon was correspond-ingly 7 basis points lower in yield at 5.13 per cent. Overall the market was

somewhat firmer, on technical short covering over the roll-over period into the new Febtogether with a stronger domestic currency and weaker oil prices. The 10-year March futures closed at 107.37, compared with 106.93 on Monday.

THE FRENCH market is still in a somewhat ghoulish mood ahead of tomorrow's auction. Despite fundamental strength, it appears to be on the look-out for had news — whether from the US or from possible Bund-

esbank tightening in Germany. The Matif 10-year bond, where most volume was seen. ended at 107.90 on the official market, 16 basis points weaker than on Monday. Prices were particularly weak in the morn-ing, after weak US Treasuries overnight and renewed interest

Although official estimates for tomorrow's auction are for an amount between FFr9bn and FFriibn, the market suggests the amount may be larger. The Treasury now permits institutions to pay for new OATs (obligations assimilables de tresor) with old ORTs (obligations renouvelables de tresor), which are six-year zero coupon bonds issued between 1983 and 1985. Of the FFr9.4bn raised in the January auction, almost FFr4bn was paid for with ORTs, so the net new funding was considerably smaller.

UK GOVERNMENT bonds hid their light under the equity market bushel yesterday. The benchmark Treasury stock due poration's paper is the bench-2003/2007 closed just a quarter mark against which all of a point down on Mondayat Australian sami-government

### **NSW** leads move to push semistate paper

By Chris Sherwell in Sydney

ATTEMPTS ARE being made to tap a new foreign market for Australian semi-government bonds with the imminent

launch abroad of an issue by the New Sonth Wales Treasury Corporation.

Bain & Co, the Sydney broking firm half-owned by Deutsche Bank of West Germany, is currently marketing the issue in London on the back of a regular European madebow. a regular European roadshow by NSW Treasury. Details will be settled this week.

Other firms prominent in the semi-government bond market, like Hambros Bank, First Boston, Dominguez Barry Samuel Montagu and S.G. Warburg's Potter Part-

ners, are also considering lamching such issues.

One reason for the plans is the cut in federal government capital raising through Commonwealth stock — creating a vacuum in the gilt-edged mar-ket at home and abroad. But the principal attraction

of this type of issue is that of this type of issue is that while interest payments will not be subject to withholding tax, the paper itself will enjoy access to the domestic market's higher liquidity.

Under existing Australian tax legislation, interest payments on bond issues can be free of withholding tax if they are offered abroad to a widely distributed group of foreign

distributed group of foreign investors and the proceeds are used in Australia.

Merchant bankers have merchant bankers have sought various ways around these regulations in the past, with mixed success. For example, a recent issue of paper by Telecom Australia, the country's domestic telecommunications body, was marketed as a tions body, was marketed as a Euro-Australian dollar bond for the retail market, but was actually taken up by institutional investors.

Although the amount issued was higher than originally intended, market opinion is that it was less than a success. The NSW Treesury issue is thought to have better prospects, if only because the corstock is priced.

# Australian dollar issues volatile

By Andrew Freeman

yesterday across a range of sectors was overshadowed hy extraordinary trading in the Australian dollar market. Monday night's December

quarter consumer price index figure was blamed for a nosedive in Australian government bonds which had an immediate effect on Eurobonds when dealing began in Europe.

### INTERNATIONAL BONDS

The figure, much higher than expected at 2.1 per cent for the quarter, caused yields on government bonds to rise by as much as 50 basis points as prices were slashed. How-ever, a statement by Mr Paul Keating, the Australian Treasurer, pointed out that 44 per cent of the increase came from the rise in housing costs caused by higher mortgage costs and the booming prop-

erty market.

As the significance of this filtered through to traders of As-denominated Eurobonds, the day's early price falls of 1/2-1 point were reversed and dealers adopted a wait-and-see attitude. To their surprise, there was no great selling although proces of several recent new issues were bady hit. For example, Royal Trust's 14% per cent bonds due 1992 were quoted at less 3% bid, a

Against this turbulent background, Hambros Bank came to the market with an A\$50m issue for the State Bank of

significant fall.

BUSY NEW issue activity South Australia. The two-year bonds carry a 16 per cent cou-pon and were priced at launch to yield 55 basis points over the benchmark government bond. Towards the close of trading the issue was quoted at less 11/4 bid, just on full fees.

The 16 per cent coupon, the highest yet seen in the sector, was set by the lead manager in reaction to the events in Australia. According to market sources the issue met good retail demand based on the coupon and the borrower's good name. The borrower is understood to have done an interest rate swap to take advantage of dramatically

Elsewhere, a series of medium-sized US dollar issues emerged. Nomnra Interna-tional was the lead manager Export-Import Bank of Japan. The 10-year honds carry a 91/2 per cent coupon and were priced at 101% to yield 35 basis points over the equivalent US Treasury. The spread narrowed

to 29 basis points by the close. Much of the issue was bought in the Far East and the proceeds are understood to have been swapped. Far Eastern demand supported two callable issues, a 10-year \$100m deal for Creditanstalt Bankverein brought by Morgan Stanley, and a six-year \$150m deal for Postipankki brought by Bankers Trust.

Both deals carried 10 per cent coupons, were trading on fees and benefited from subimproved swap rates. stantial pre-placement in Tokyo, although the Posti-pankki issue was also sold into

for a \$250m issue by the Europe. Postipankki is thought to have swapped the funds into

floating-rate US dollars. Nikko Securities Europe was the lead manager of a \$140m deal for the Republic of Aus-tria. The four-year bonds came with a 9% per cent coupon and were priced at 101 1/2 to yield 34 basis points over US Treasuries. The deal's reception was helped by the firm opening of US bond markets and it was quoted by the lead manager at

less 1.55 bid,
The proceeds are thought to have been swapped, probably into floating-rate US dollars. At yesterday's rates, such a swap would have achieved a funding rate of around 20 basis points under Libor. One disappointed bidder said that Austria had requested a funding target of 40 basis points under Libor.

Borrower US DOLLARS	Amount m.	Coupon %	Price	Maturity	Feas	Gook runner
Creditanstalt	100	10	102	1999	14/34	Morgan Stanley Int.
Fullkure	100	451	100	1953	12/3	Yamaichi int.(Eur)
Mitsubishi Gas Chem.	100	(45g) (45g)	100	1993	112/1	Yamaichi int.(Eur)
Exim Bicof Japan	250	912	10134	1999	11/3	Nomura Int.
Republic of Austria	140	95	101-2	1993	118/12	N)ideo Secs.(Eurl
Postipenkil •	150	10	1013	1995	114/5	Bankers Trust
ssue update;	100	10	101-3	1950	1-41-8	Delivers Huar
Topy Ind.(a)44	150	48-	100	1993	112/34	Nikko Secs.
Senken Electric(a)	150	43g 43g	100	1993		
Del Ichi K'Denki(b)	90	***	100	1993	112/14	Oalwa Europe
		41			112/34	Nomura Int
Kyocera(c)++	300	41 <sub>2</sub>	100	1993	112/34	Dalwa Europe
AUSTRALIAN DOLLARS						
State Bk.South Aust.	50	18	1017	1991	34/12	Hambros Bank
D-MARKS						
Eurotima •	150	812	10034	1995	1/5	Trinkaus u.Burkhardt
WISS FRANCS						
EIB <b>é</b>	200	54	4001-	1990		1100
	200	576	10012		n/a	UBS
Belgium k k 🌩	100	54	100 <sup>1</sup> 2	1996	134	SBC
ECU						
Gen.Elect.Cap.Corp.	125	83 <sub>8</sub>	101 %	1994	14/4	Merrill Lynch Cap.Mkts.
YEN						
EIB♦	30bn	4%	1014	1993	30/12	Nikko Secs.(Eur)

NEW INTERNATIONAL BOND ISSUES

# CIR arranges \$200m facility

based consumer finance and

leasing subsidiary of Gulf &

Western, has been increased from \$250m to \$325m after

being oversubscribed in syndi-

cation, lead manager Amster-

terms on the financing, hut other bankers outside said the

AmRo declined to detail

dam-Rotterdam Bank said.

By Our Euromarkets Staff

A \$200m letter of credit facility has been arranged for CIR International, the financial services arm of the De Benedetti group, to support its first-ever US commercial paper programme. The letter of credit, provided by Credit Suisse, has an 18-month maturity and an evergreen option. There is a utility fee of 20 basis points and a commitment fee of 10 basis points on the undrawn portion. Arranger is Credit Suisse First Boston.

A standhy financing for Associates Corporation of

North America, the Houston-

and a margin on drawings of 12 A \$500m Eurocommercial paper programme has been established for CIC Funding, a

pose subsidiary of Compagnie Financière de Crédit Industriel et Commercial, the sixth largest banking group in France by which the paper is guaranteed. The programme, rated A1+ hy Standard & Poor's, was arranged by Merrill Lynch, and other dealers are Citicorp. Shearson Lehman Hutton and

Union Bank of Switzerland.

deal carried a facility fee of 5 basis points, regarded as tight, The group of lead managers for a financing for Pechiney, the French engineer, increased to \$1.7bn, includes Crédit Lyonnais, Citibank and Banque Nationale de Paris, as well as Cayman Islands special-pur-

### Start by Dutch watchdog

By Laura Raun In Amsterdam

THE Securities Board of the Netherlands, a new self-regula-tory agency for stock exchanges starts work today. Its task is to supervise the exchanges, as delegated by the Finance Ministry, according to bourse statutes and Dutch law. The board will rely mostly on friendly persuasion to resolve disputes, with the right to issue binding advice, but it will have no sanction powers.

Mr Ailard Jiskoot, chairman, said it would avoid extensive hureaucracy and complicated regulations.

was opening of interest of 3,492 contracts to over 77,000, with the April 2050s alone attracting 2,712

contracts and an expansion of the

### LONDON MARKET STATISTICS

### The second secon FT-ACTUARIES SHARE INDICES

These indices at the institute										
EQUITY GROUPS	7.	Tuesda	y Jan	tary 3	1 198	9	Hon Jun 30	Fri Jan 27	The Jan 25	Year ago (approx)
& SUB-SECTIONS Figures in parentheses show number of stocks per section	Index No.	Day's Change	Est Earnings Yleid% (Max.)	Grees Div. Yield% (Act at (25%)	Est. P/E Ratio Olet)	nd adj. 1989 to date	Index No.	ladex No.	index No.	Index No.
1 CAPITAL GOODS (208)	397.82		28.44	- 3.97	12.75	2.89	177.51	\$96.62		
2 Butiding Materials (28)	2124.63	+6.2	11.33	4.45	14.06	1.26	1122.65	1110.57	1885.63	987.04
<ol> <li>Contracting, Construction (39).</li> </ol>	2645.59	+1.4	11.90	. 3.47	18.96	. 0.00		1637.23		1477.27
3 Contracting, Construction (39). 4 Electricals (10) 5 Electronies (30) 6 Mechanical Engineering (55). 2 Metals and Metal Forming (7) 10 Other Industrial Materials (22). 21 CONSUMER GROUP (126). 22 Brewers and Distillers (22). 25 Food Manufacturing (21). 26 Food Retailing (15). 27 Health and Household (13). 31 Packaging & Paper (17). 32 Publishing & Printing (18). 34 Stores (33). 35 Textiles (14). 40 OTHER GROUPS (93).	2638.18	+6.1	: 8.20	4.28	14.70	6.08	2635.57	2579.88		2856.94
5 Electronics (30)	2015.51		9.30	. 3.24	13,92	7.19	2424.47	2023.42	1966.04	1486.98
6 Mechanical Engineering (55)	475.48	+0.2	14.02	3.95	12.14	8.12	474.75	464.78	452.53	
a Metals and Metal Forming (7)	513.64	+1.5	14.94	5.73	7.57	1.11	511.71	596.83	491.42	444.78
9 Motors (17)	300.37	+8.1	14.87	4.46	14.66	8.80	300.17	255.47	287.45	
10 Other Industrial Materials (22)	1514.61	-0.1	9.11	4.16	13.02	3.46		1470.42	1454.29	1242.64
21 CONSUMER GROUP (126)	1167.76	14.6	.: 8.56	3.66	14.87	0.47	1164.57	1142.32	1116.77	1844.63
22 Brewers and Distillers (22)	1275.06	+6.5	9.95	3.49	12.51	0.00	1265.72			
25 Food Manufacturing (21)	2045.50	. 18.8	8.78	3.67	14.28	1.57	1837.73	1928.74	1913.67	855.47
26 Food Retailing (15)	2163.67	18.8	8,71	3.37	. 15.12	. 4.84	2947.69	2037.61		2010.33
27 Health and Household (23)	206L61		6.51	2.53	17.61	1.20		2013.66	1962.17	1842.62
29 Lelsure (33)	1527.86	+0.7	7.52	3.41	15.96	1.34	1511.76		1478.06	
31 Packaging & Paper (17)	567.52	-0.2	9.47	3.90	13,18	4.53	588.48	58L99	572.71	
32 Publishing & Printing (18)	3716.23	+1.7	1.45	4.23	74.01	3.34	3647.49	3613.83	3527.44	3545.21
34 Stores (33)	779.45	. +0.1	10.74	436	. 12.25	1,32	789.72	775.42	749.14	
35 Tertiles (14)	522.37	7	13.33	-5.45	8.98	8,00	522.40	514.92	500.15	
40 OTHER GROUPS (93)	1625.93	-	18.17	4.17	11.98	8.12	1832.46		943.21	<b>873.23</b>
35 Textiles (24) 40 OTHER GROUPS (93) 41 Agencies (38) 42 Chemicals (22) 43 Conglomerates (12) 45 Shipping and Transport (12) 47 Telephone Networks (2) 48 Miscellaneous (27)	11012	-1.4	8.87	2.4	15.65	0.00	1195.19			1110.75
42 Chemicals (22)	1165.58	. #3	11.00	4.53	24.96	6.23		1147.57		1846.64
43 Conglomerates (12)	ELNEN	. 40.2	10.79	5.07	19.78	0.00	143L64			1157.97
45 Shipping and Transport (12)	2154.40	- 45	9.22	3.86	24.13	. 0.00		2117:55		
47 Telephone Networks (2)	1136.98	-8.I	18.33	4.13	12.57	0.00	1138.55		1069.28	
48 Miscellaneous (27)	1427.17	18.4	7.13	.3.82	11.46	8.62	1428,91	1383.24		1172.79
		- 113	. 9.68	- 3.86	12.76	0.76	1874.96	1957.32	1932.28	929,78
51 Oil & Gas (1.5)	1964.75	+2.2	7.39	5.65	13.62	9,00	1942.09	1963.82	1875.91	1764.45
FO COLUMN THE THE PARTY APPART	11E2 ET	10.0	9.44	4.22	12.87			1129.38		
61 FINANCIAL GROUP (126) 62 Banks (8) 65 Insurance (Life) (8). 66 Insurance (Composite) (7) 67 Insurance (Brokers) (7)	757 50	+0.2	-	4.72		1.22	754.07	742.51	724.30	661.91
OI FIRAMIAL SEPOP UZO	743.37	23	/ 18.83	5.74	7.23	8.63	757.64			677.24
62 Banks (B)	195.21	10.1		5.06	. 225	0.00		1948.83	719.86	985.18
CO HESTRACE (LITE) (D)	3000,70	+1.1	1	5.22	= 1	0.00	59L99	585.44	571.42	512.85
67 Insurance (Composite) (7)	375,46	+1.5	1.53	5.22	14.64		1818.93		984.55	992.84
68 Marchant Panis (11)	344.59	18.2		436		8.00	343.71	336.29	330.86	348.75
69 Decomby 1527	1982 13	-15	5.56	2.58	22.51	1.69		1299.29		1022.56
70 Other Financial (72)	383.22	- 3	2.07	5.24	13.73	1.12		378.73	371.90	389.37
71 I description To the CTA	1060 40	-0.0	1	2.88		0.67		1843.24		B41.77
71 Investment (Plans (75)		+8.2	2.71	3.32	11.41			672.99	615.54	420.90
68 Merchant Banks (11). 68 Merchant Banks (11). 69 Property (5:3). 70 Other Financial (32). 71 Investment Trusts (75). 81 Wining Finance (2). 90 Overseas Trustes (80).	227,//		9.18	4.26	12.74			1393.78		
71 Overseas Tracers DD	77/2/48									
99 ALL-SHARE INDEX (732)	1954.97	+8.4	- 1	4.16		0.72	1051.10	1654.11	1016.70	907.22

	FIXED INTEREST	AVERAGE GROSS REDEMPTION YIELDS	The Jan 31	Mon Jan 30	Year ago (approx.)
		adj. zd adj. 1989 to date 2 coupons 15 years. 25 years. 25 years.	9.12 8.92 8.86	9,11 8,90 8,83	9.23
To the second	Reliab Covernment  1 5 years 119 13 -0.11 119 26  2 5-15 years 136 23 -0.21 136 51  3 Over 15 years 150 25 -0.36 150 83  4 predespables 172 18 -0.25 172 62	1.20 6 Coupons 15 years 25 years 4 Medium 5 years 15 years 25 year	10.13 9.38 9.04 10.38 9.52 9.69	19.07 9.34 9.00 10.32 9.49 9.04	9.42
The second secon	5 All stocks 133.73 -8.20 134.80 Infer-Union 6 5 years 131.55 133.55 7 Over-5 years 129.44 +6.39 129.20 6 All stocks 123.43 +8.78 129.20	1.20	3.56 3.64 2.70 3.48	3.55 3.66 2.69 3.49	2.34 3.91 1.41 3.74
	9 Delembra & Laure 118.01 +0.84 117.64	15 Bein & Syears 162 8.62 16 Lease 15 years 25 years	11.48 11.20 10.60	11.73 11.26 10.91	10.82 10.82
	10 Preference 39.14 +8.66 89.88 40 seeling lader 2047 6 10 am 2857 8, 11 am 2065.7-; (a) 11.12 am (b) 9.17 am 9 Flat yield. Highs and laws or constituents is available from the Publishers, the Financial	0.17 18 Preference	10 20 17 20 1	THE RESERVE	n 2049.5

| Index | Day's | Day's | Day's | Jan | Jac | Ja

# RISES AND FALLS YESTERDAY

British Funds Corporations, Dominion and Foreign Bonds Industrials Financial and Properties Ols Plantations Minus Others	Rises	Falls	Same
	11	86	13
	13	10	28
	571	382	635
	211	169	290
	18	31	51
	2	2	8
	30	51	105
	73	74	89
Totals	929	805	1,219

### **LONDON RECENT ISSUES**

Pale	Lutrat.	198	8,69	Street	وشيئ	+=	Į.	Res.	-	28
		High	3		Prince		Dit.	COCIE	Yese	
F.P.	-	403	荔	CLF Yeomer	403	+10	RQ241 <sub>2</sub>	4.6	25	13.
F.P.	247	-58	45	Castley Brothers 109	53	·1,	43.08	20	7.7	B.
FP.	-7:	137	Bi	#Fartpek 20p	iii	-2		28	14	15.
F.P.	-		.20	Posidbagion 5g	30%	ځ–	:			.:
1		177	iii	Secure Tries Lo	谠		WTDO	75	5.5	ᇥ
F.P.	-345	148	10	Shertif Holdings 50	143	_	15.25	24	4.7	당
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First Dealings Last Dealings Last Declarations For settlement	May 15	London Share Service Calls in Control Secs, Raine Inda, Clogau Gold, Brit Vita, Inchcape, IMI, Hartons, Owners Abroad
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## LONDON TRADED OPTIONS International Finenciel Futures Exchange, with the February set-llement 8g8in commending eppreciable premiums over the

underlying market, though these were not fully held throughout the

EXPIRY DAY in the January FT-SE 100 contracts created the greatest interest in London traded options yesterday, but was given a run byBritish Gas, British Steel and British Petroleum.

A further gain in the index itself

was accompanied by a substantiet opening of put positions in the Index.

The Index reached a dey's peak of 2,069.4 shortly after 17 am durations are accompanied by a substantiet opening of put positions in the Index reached a dey's peak of 2,069.4 shortly after 17 am durations are accompanied by a substantiet opening of put positions are accompanied by a substantiet opening of positions. Total contracts in the option tracts, made in a 1 and 1 and

month was being struck.

At the and of the day, it had tallen back to 2,051.8, et which it still showed a gain of 8.9 points

in the index future on the London a total of over 55,000.

tracts, made up of 9,509 calts and 5,990 puts. The call elde of the index deelin the settlement price for the continued strength in the January end Februery and balance.

The call elde of the index deelings saw some opening of interest in the January end Februery 2,050s, and e closing in the March 1900s, to give a modest overall rise in the number of exerciseative or the contracts of 354 contracts in the contracts of 354 contracts in the contracts.

came to 4,578. lying in 4,358 catte and only 220 puts. British Steel saw 3,722 calle

British Steel saw 3,722 calle and 475 puts, in a total of 4,197, with interest closing in the April 70 cells, in particular, end opening in the July 80s.

British Petroleum turnover reached 2,763 contracts, comprising 2,513 calls and 250 puts.

ŀ	Option		Apr	1	0ct	Apr	Jul	Oct	Option		Apr	Jel	0ct	Apr	Jul	Oct	Option		Mar	Jeg	Sq	Mar	Jes	Sep.
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١	Brit. Alterays C187 I	160 180 200	18	38 23 12	42 30 17	11/2	8 20	11 22	Woohwarth (*265	260 280	34 22 12	42 28 17	37	5 12 22		11 19 28	British Gas (*184 )	180 200	9½ 2½	18 6½	21 11	4½ 17	7 18	10 19
I	Brit Com (*235 )	220 240 260	30	32 21 15	40 26 10	5 11 27	7 18 33	10 20 33	Option GEC	200	Apr 26	37	Nov 42	Apr	# 8	Nor	(*151 )	140 160 180	18 8 5	25 14 9	30 18 11	3½ 15 31	19 33	10 22 35
ĺ	Boots (*255	220 240 260	42 24	48 34 22	54 40 30	5½ 14	10 17	7 14 21	(*219 ) Option	220 140	12 5	23	31 Sep	24	17 20	18 Sep	Glaxo (*1204)	1150 1200 1250	90 57 35	130 100 73	167 137 110	20 40 63	38 57 84	47 67 90
l	8.P. (*281.)	250 250	23	33 19	37 24	54 16	8£	10	R. Royce (*163 )	140 160	27	29 141 <sub>2</sub>	33	15	5 10	6½ 15	Hawker Sidd. (*646 )	550 600 650	108 65 28	122 80 47	135 100 68	1½ 10 30	7 20 37	12 25 63
l	British Steel (*78 )	60 70 80		21 4 12 2 6 2	22 134 74	1½ 54	1½ 34 9	24 4½ 9½	758 (°124 )	110 120 130	15 8 31 <sub>2</sub>	18 12	20 15 8	1 5 10	2 5 10	3 6 10	Hillsdown (*276 )	260 280 300	25 12 41;	30 18	36 25	5 15 26	17 	9 19
l	Bass (*920 )	800 850 900	140 95 55	167 125 85	152 117	3 5 17	15	10 32	Option Ladbroke	420	Feb 85	Apr 93	Jai 103	Feb	Apr	Jul	Lonno (*352 )	330 360 390	34 16 612	33 33 21	63 46 33	9214	15 32 49	23 38 59
ŀ	C & Wire (*427 )	390 420	50 29	43	75 55	7 14	12 22	15 27	(*502 ) Option	460 500	46 15 Fth	56 26	68 39	IZ Feb	19	12 24 <b>Ang</b>	Midland 8k (*464 )	420 460	48 15	52 27	63 33	23	25	10 30
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l	Coortack(s	280	40 25	110 49 36	130 56 44	105 5½ 12	125	140 15 23	BAA (*306.)	290 300	30 15	39	41 47 30	21 <sub>2</sub>	5	8 14	(*278 ) Thom EMI	280 280 650	20 10 85	31 20 102	40 28 112		101. 1 20	3½ 24 15
ı		300 330	12 31	21	-	27	36	15	BAT Ints (*554.)	500 550	58 20	34	79 47	2½ 15	9½ 29	15 33	(723)	700	42	63	70	10	20	29
	Com. Union (*384 )	360 390 420	15	26 16	29 17	25 50	13 29 51	32	Brit. Telecom (*289 )	280 300	15	27 14	31 17	5 17	8 17	11 20	Wellcome (*478 ) Option	460 500	37 14 Mar	53 32 Jul	68 45 0#	11 32 11	18 37 Jul	23 49 0#
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Leucadia raises holding to over 50% as long-running battle ends

# Higher terms win over Cambrian

THE LONG-RUNNING bid battle over Cambrian & General Securities appeared to be over yesterday after New York-based Lencadia National Corporation raised its terms for a second time, thereby winning the board's recommenda-tion. The UK investment trust was once a vehicle for dis-graced insider trader Mr Ivan Boesky.

Boesky.

The bidder, a diversified quoted group with interests ranging from insurance and banking to real estate and manufacturing, already controlled 40.6 per cent of Cambrian's voting capital

Yesterday, according to Seaq, the Stock Exchange Automated Quotation system.

MONOTYPE Corporation, the manufacturer of laser-based

phototypesetting systems, said it would report a loss for its 1988-89 financial year, although

it had returned to profit in the

The company's shares closed 29p lower at 160p.

Mr Roger Day, chairman, said that details of Monotype's performance would be released in March and that yesterday's statement was aimed at keeping sbareholders informed.

After obtaining a full listing in April, the company reported a pre-tax loss of £1.52m in the

six months to June 30, com-

pared with a £813,000 profit in the corresponding half.
Monotype, which has been

the subject of takeover specula-tion, bas appointed Lazard Brothers as financial adviser.

Hazlewood sells

Northern stake

six months to December 31.

By Ray Bashford

Monotype picks up but

fails to offset losses

about 31m ordinary shares and 6.1m capital shares were traded - suggesting that Leucadia should have passed the 50 per

cent mark.
Among those known to have sold was Mr Lance Lessman, who once worked for Mr Boesky and whose current partnerships had built up a voting interest of more than 5 per cent in Cambrian. Mr Less-man had been involved in an alternative scheme for the trust, under which shareholders would have been offered a cash exit route but also the chance to stay in a smaller "son of Cambrian" vehicle.

Yesterday, Mr Lessman said he had "mixed feelings" about selling, commenting that he

Imtec, a manufacturer of micrographic and office draw-

ing equipment, was reported last December as having made

was pleased to see the higher offer, but adding "I really did want to own Cambrian."

The US Securities and Exchange Commission, which holds 23 per cent of the voting rights via settlement with Mr.

part of a settlement with Mr Boesky, is not believed to have taken any action so far. It has previously been stated that the Boesky interest in Cambrian was valued at more than \$50m when Mr Boesky handed over cash and securities worth \$100m to settle charges of insider trading in November 1986. On the current offer, the SEC's shares are valued at about £19.2m.

Under the new offer, Lencadia will pay 120p cash for each ordinary ahare and 145p for each capital share. This com-pares with its previous offers of 112p and 130p respectively, and the latest figures for net asset value at Cambrian — on January 27 - of 142.35p and 190.63p. Cambrian shares moved directly in line with the

new offer price.

During the offer period Cambrian has settled certain tax matters with the Inland Revenue, and earlier this week suggested that settlement of the US class actions was imminent. This leaves some ongoing litigation involving the trust in the US. However, it is expected that Lencadia will realise the trust'a investments in the nottoo-distant future.

### Clydesdale Trust makes bid approach to BGT

By Philip Coggan

ANOTHER BID battle in the investment trust sector loomed yesterday when Baillie Gifford Technology said that it had received a bid approach from Clydesdale Investment Trust.

Baillie said that at a meeting

an approach to Monotype. Mr Day would not comment on Imtec but said there was "a sense of understanding between several companies in the industry which might lead to something in the future but there is nothing concrete at the

The company has changed its year-end to March 31 in an attempt to overcome the bunching that occurs as business accelerates in the run up to Christmas. A further loss is expected for the final three months of the 15-month period. There will be no second interim dividend, and a deci-sion on the final will be taken

Baillie said that at a meeting on January 30, Mr Geoffrey Musson, Clydesdale chairman, had informed BGT of its intention to make an offer. A formal announcement from Clydesdale, which is managed by tha Merchant Navy Officers' Pension Fund, is expected today.

Clydesdale bought a 17.8 percent stake in BGT from British Securities and Comment Trust in

Securities and General Trust in November and has since increased its stake to 249 per cent. The only other substantial holder is Prudential Pen-sions with 9.99 per cent. BGT said it would strongly resist any attempt by Clydesdale to seek a controlling interest. It has appointed Samuel Montagu as its financial

BGT, with assets of around £9m, is one of the smallest of from is one of the smallest of the six investment trusts man-aged by Baillie Gifford. Its net asset value per share is cur-rently around 93.6p, compared with 95.8p when it joined the market in 1984. The trust specialises in high-technology investments

high-technology investments, many of which are unlisted. Mr Robin Menzies, a director of BGT, said that the nature of unlisted investments was that disappointments come through before successes and there was a "lot of potential" in the port-

BGT shares rose 6p to 94p whilst Clydesdals's were unchanged at 98p.

# **Bassett reinforces rejection**

By Lisa Wood

Hazlewood Foods has sold its 3.3 per cent stake in rival foods group Northern Foods to said the bld by Procordia was offering a "bargain basement price". The Jelly Babies and a group of institutional shareholders, writes Philip Coggan. The sale comes nine months after news of the Hazlewood stake prompted speculation of

a hostile bid for Northern. The fast growth of Hazle-wood has until now been built on the sequisitions of small private companies and the Derhy-based group quickly backed away from any hostile

Mr Dennis Jones, Hazlewood's finance director, said the group had taken advantage of stock market condi-

The holding of 7.3m shares was placed with institutions at 306p each which Mr Jones said

sented a small profit. Mr Martin Clark, the finance director of Northern Foods, said he was "very pleased".

Northern's shares rose '2p
to 310p whilst Hazlewood's
increased 9p to 245p.

tence on 6 Pebruary, 1989.

BASSETT FOODS yesterday Procordia, which holds a 10

price". The Jelly Babies and Liquorice Allsorts manufacturer is fighting a 400p per share bid from the Swedish state-controlled group.

Mr Bev Stokes, chairman and chief executive of Bassett, in a letter to sharebolders, urged them to reject the offer, which values Bassett at about 163m. Bassett's shares closed lack night unchanged at 470m. last night unchanged at 470p

per cent stake, claimed in its offer document that the British company was unlikely to prosper in an increasingly competi-

tive marketplace. Mr Stokes told shareholders: "Procordis needs Bassett's brands, business and expertise to compete in Europe. We do not believe that being part of Procordia would benefit Bassett. Your company has the resources and experience to exploit the opportunities of the European market."

He added that shareholders had rejected a hid in 1984 from Avana Foods and had been well rewarded. Comparing the results of 1987-88 with those of 1982-83, the last completed financial year before the Avana bid Mr Stokes said the group's pre-tax profit margins had increased by 76 per cent, pre-tax profits by 143 per cent and earnings per share by 95

Procordia described the rejection document as "glossy, selective and misleading".

### Nominees hold over 10% of Colne Valley Water

Bank of Scotland (London) Nominees has built up a stake of just over 10 per cent in Colne Valley Water Company, writes Andrew Hill.

The Water Authoritias Superannuation Fund is thought to hold small stakes in at least four other statutory water companies through Bank of Scotland Nominees.

The fund said that it did hold a small number of shares in Coine Valley, but could not

confirm what percentage of the voting capital it controlled. About 53 per cent of Colne Valley's votes are held by French water suppliers, Com-pagnie Générale des Eaux and SAUR. Coine Valley's statutes prevent bolders from exercising more than 25 votes, irrespective of their stake. Separately, Lord Young, the Secretary of State for Trade

partly to finance North American purchases worth £45m.

The purchases are West Coast-based MultiMedia, a

business communications concern, and Canadian Consultech, which specialises in stra-tegic planning. They further extend the North American

reach of the company, which already derives about 25 per cent of its business from across

The rights issue is of 6.67m

new shares at 135p each. The shares shed 7p yesterday to close at 163p.

The initial cash consideration for Multimedia is \$5.1m.

while the C33.4m payable for Consultech is being satisfied by C32.7m in cash and the bal-

ance in shares. There are fur-ther performance-related pay-

ments.
Multimedia, which is mainly

involved in corporate presenta-tions, made pre-tax profits of \$1.07m on turnover of \$7.31m

in the year to end-September. Consultech made C\$372,000 on

sales of C\$1.86m during the same period.

the Atlantic

and Industry, has decided not to refer bids for West Kent and Eastbourne water companies to the Monopolies and Mergers Commission. SAUR has declared its offers for the companies wholly unconditional.

### Clarke Hooper This advertisement is issued in accordance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not consonute or contain an offer or an invitation to any person to subscribe for or purchase any share of NFC plc ("NFC"). Application has been made to the Council of The Stock Exchange for all the shares calls for £8.6m By Clare Pearson of 5p each in NFC, issued and to be issued pursuant to the proposed rights issue, to be admitted to the Official List. It is expected that admission to the Official List will become effective and that dealings, fully paid in the shares of 5p each currently in issue and nil paid in the shares of 5p each to be issued, will Clarke Hooper, USM-quoted promoter of consultancy ser-vices, is raising £8.6m through a four-for-five rights issue,

(Incorporated in England and Wales under the Companies Acts 1948 to 1980. Registered No. 1600736)

INTRODUCTION

THE STOCK EXCHANGE

arranged by

BARCLAYS de ZOETE WEDD LIMITED

PHILLIPS & DREW SECURITIES LIMITED

**RIGHTS ISSUE** 

of up to 39,909,037 new variable voting ordinary shares of 5p each at 130p per share

SHARE CAPITAL

Following the proposed introduction and rights issue

\$22,500,000

Special share of £1 Variable voting ordinary shares of 5p each \*Assuming that the rights issue is taken up in full.

(all being fully paid) £17,959,067\*

Listing Particulars relating to NFC will be available in the statistical services of Extel Financial Limited from 6 February, 1989. Copies of the Listing Particulars may be obtained during normal business hours (Samrdays and public holidays excepted) up to and including 3 February, 1989, by collection only, from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 15 February, 1989 from:

NFC plc The Merton Centre Bedford MK40 2UB

Barclays de Zoete Wedd Ltd. Ebbgate House 2 Swan Lane London EC4R 3TS

Phillips & Drew Securities Ltd. 120 Moorgate London EC2M 6XP

Kitcat & Aitken 71 Queen Victoria Street London EC4V 4DE

1 February, 1989

### approve buy-back from KIO By Steven Butler

**BP** holders

BR1TISH PETROLEUM sharebolders yesterday approved a special resolution that authorises a £2.4bn buy-back of BP shares from the Knwait Investment Office. The measure was passed with only a small show of opposition.

The shares are to be cancelled after purchase, thereby reducing the KIO's holding in BP to just below 10 per centfrom a current level of 21.6 per

Sir Peter Walters, chairman, yesterday reiterated the BP position that any shareholding in excess of 10 per cent represented a threat to the company's business because ft would create questions about BP's Independence. He rejected, however, any poison. rejected, however, any poison pill measures aimed at deter-ring predators.

He said the structure of the deal would increase the assets





per share, while having no affect on earnings per share.

BP yesterday launched its new corporate logo which its new corporate logo which it plans to use internationally on all branded products, service stations, other installations and corporate publications.

The logo (above right) is a modest respective of the

The logo (above right) is a modest reworking of the well-known green shield, with marginally cleaner lines and slightly italicised lettering. It is set in a swath of green—the old shield (above left) stood on a blank background—with yellow infill.

BP said the logo, which it calls its corporate identity, was the result of £1m of research it may spend another

research. It may spend another \$100m (£57m) in the next sev-eral years to rebrand 8,000 US service stations. Currently, HP-owned stations in the US carry brands such as Sohio, Mobil, Gulf, and Boron.

### Wilding beats forecast with £2.68m By Meggle Urry

WILDING OFFICE Equipment the retailer and distributor of office equipment, just topped the £2.55m profit forecast made at the time of its recent £9.7m acquisition of Open Plan, an office screens and fur-

niture company.

Pre-tax profits in the year to end-September were 32 per cent up at £2.68m. Sales rose by 34 per cent to £41.4m. The shares rose 12p to 202p yester-

Earnings per share rose 28 per cent to 15p and there is a recommended final dividend of 2.4p (1.95p) as forecast, to give a total for the year of 4p, a 23 per cent increase. per cent increas

Mr Terry Wilding, chairman and managing director, said a slip in margins in the second half was the result of costs involved in expansion plans such as the training of new salesmen and pre-opening costs for new shops coming on stream in the current year.

There was only a small contribution from the acquisition of Type and Wear Office Supplies in July last year. In the current year a further three acquisitions have already been made, notably that of Open Plan, which made a profit of £1.15m in 1988.

The third of these was

announced yesterday. Wilding is paying £138,000 for Typewriter Services (Sheffield). Mr Wilding said the target was to build group sales to £100m within two or three years, partly through acquisitions, and then bring margins up to at least 10 per cent.

### TR Australia stake

International Financial Markets Trading, a City-based investment trading organisainvestment training organisa-tion, yesterday emerged with a 5.26 per cent stake in TR Aus-tralia, the Touche Remnant-managed investment trust. The trust has already seen just under 30 per cent of its shares pass into the hands of River Plate and General, a split-level investment trust.

**DIVIDENDS ANNOUNCED** 

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Allied Textile	3.8		5.8	10.6	a.2
Berkeley Govett	8*	Apr 71	6	13	10
Brit Bloodstocks int	2.51	Mar 21	2.5	_	3.3
Dudley Jenkins 5 int	1	Mar 24	_	-	
E'tronic Machinefin	0.7	Apr 27	0.8	1	0.9
GT Japanint	0.5	-	0.4	_	21
Harvey Thompsonint	4	-	5	-	2‡ 12
Mountleighint	1.25	Apr 6	1.25	-	3.75
Rush & Tompkinsint	4	Apr 7	3.25	_	12.55
Securiguard	4.3f	Apr 7	5.3	<b>3.</b> S	5
Throgmorton Tatfip	a.25	Apr 5	7.85	15.25	10.6
West Industriesint	0.251	Apr 3	0.25	-	1
Wilding Officefin	241	Mar 25	1.95	4	3.25

\*Equivalent after allowing for scrip issue, †On capital increased by rights and/or acquisition issues, §USM stock, §§Unquoted stock, §Third market, ★US cents, ‡Includes special dividend of 0.6p

# Bridport-Gundry's board attacked in "spiteful" move

THE ANNUAL meeting of fishing and military net maker Bridport-Gundry ended amid acrimony yesterday after Char-terhall, the investment com-pany which has a 25.8 per cent stake, mounted a surprise attack on the board. Charterhall opposed five res-olutions at the meeting in Brid-

olutions at the meeting in Bridport, Dorset, including the declaration of a dividend, the
re-election of directors and a
special resolution giving directors the right to issue up to 5
per cent of the capital without
shareholders' approval.

The Bridport-Gundry board,
which had earlier received
proxies from Charterhall in
favour of the resolutions,
became aware of the group's
hostile intentions minutes
after the meeting began, when

after the meeting began, when a poll was called on the first

Mr Patrick Darley, the Brid-port-Gundry chairman, set aside all resolutions, except the re-appointment of the auditors, as Charterhall's investment director Mr Revin Freedman systematically called for polls on the other five.

Mr Darley said after the



Russell Goward: concerned about company's progress

meeting, which was attended by about 50 shareholders, that he was puzzled by Charter-hall's action.

"This was a spiteful, petty and pathetic action that you don't expect from a serious shareholder," Mr Darley said. He called on Charterhall to "put up or shut up" and end the uncertainty about its inten-tions.

and Delaware, and Premier

Management Group, a Balti-more-based cleaning and secu-

rity company.
Mr Alan Baldwin, chairman

said that the company saw fur-ther growth in the US as the market was vast and frag-mented. The company esti-

mated that the security market

in Manhattan alone was worth

as much as the whole UK market. Expansion was also being considered in continental ment vehicla of Australian businesaman Mr Russell Goward, has been building a stake for over 12 months. It has recently become concerned about the company's progress.

The collapse earlier this month of a management buy-out for Bridgort-Gundry's US subsidiary after five months of negotiations has led to criti-cism of the board from Char-terhall.

A Charterhall spokesman said after the meeting that the board has been "kept in the dark" since Mr Darley took control as chairman.

"Since the new chairman took over we have been kept in the dark about the company's progress and have lost confidence in the present management's ability to protect all shareholders," he said.

Bridport Gundry has up to 30 days to release the results of the polls but the support of institutional shareholders, which control an estimated 31.7 per cent of the capital, could be crucial to the outcome.

### **Acquisitions help boost** Securiguard to £3.22m

By John Thornhill

SECURIGUARD GROUP, the security, cleaning and communications company announced record results for the 54 weeks to November 6. Pre-tax profits, helped by acquisitions, more than doubled to £3.22m, against £1.57m. Turnover rosa to £51.1m

(£31.3m) and earnings per share increased by 44 per cent to 20p (12.9p). A final dividend of 4.5p is recommended for a

of 4.5p is recommended for a total of 6.5p (5p).
During the year, the security division contributed 56 per cent to group turnover but following acquisitions it now represents 40 per cent.
City Security Gnards, tha New York security Grands, that New York security firm which was acquired in December 1987, made £596,000 profit on turnover of £7.7m. Since that year and the company has expanded its US activities by the purchase of Spence and Security a security for contest.

Europe.
The cleaning and maintenance division increased sales by 58 per cent. Medignard, its hospital services subsidiary, was awarded a £7m three-year cleaning contract from Gramp-ian Health Board. Sales of the courier business

expansion was planned in both domestic and international The share price closed up 3p

rose 61 per cent to 23.8m, and

# Newman Tonks buys lockmaker

Newman Tonks, the 1989.

Birmingham-based manufacturer of building products and architectural hardware, is to the lockmaking industry. Last enter the US lock making industry with the purchase of the Falcon Lock Division from Masco Building Products Cor-poration, writes Richard Tou-kins, Midlands Correspondent.

Sentry, a security firm operat-ing in Pennsylvania, Maryland

It has agreed in principle to pay \$3.25m (£1.85m) for Fal-con's fixed assets and goodwill, and a further sum, likely to be at least \$3m, for stocks based on a valuation at March 31 year it bought Legge, Britain's largest remaining independent lockmaker, and a 31 per cent stake in Tesa, Spain's biggest lock manufacturer.

Falcon, based in southern California is a well established. brand of locks for government buildings, hotels, offices and other commercial buildings. It had sales of \$12.5m in

### Summer delays preference shares payment By Philip Coggen .

Summer International, the former Sumrie Clothes, is having to delay payment of a divi-dend on preference shares it issued last July because of a deficit in distributable

reserves.
Payment on the 7m convertible cumulative redeemable preference shares was due today, but the directors had been advised that Summer was not permitted to pay it. The board hoped it had found a means of using the distributa-ble profits within its snbsidiaries, but at the last move-ment this proved impossible. Summer said it had set in motion an application to the High Court for a proposed reconstruction of the share

capital in order to allow the dividend to be paid. The direc-tors intend to recommend that preference shareholders receive an extra payment to reflect the interest lost because the payment date was missed. Yesterday, Summer also revealed a pre-tax loss of £151,000 in the six months to September 30. Because of a

change in year end, this is a

full accounting period. Mr David Sinclair, chairman said the results reflected only ten weeks of the reconstructed business. The loss-making Sumrie Clothes has been sold and Summer has moved into training and education. The group is forecasting profits of £1.25m in the current financial year and the directors expect to recommend en ordinary dividend for the year of 1p. Sum-mer shares fell 7p to 54p.

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### **UK COMPANY NEWS**

# Berkeley Govett rises to \$31m

BERKELEY GOVETT, the Jersey-based fund management group which takes in John Govett, the UK investment management group, yesterday announced pre-tax profits for, 1988 up from \$24.19m to \$31.36m (£17.8m).

Berkeley's sole stock market listing is in London, but it reports in dollars. It is headed by Mr Arthur Trueger, a Californian, who set up a technology consultancy in the 1970s, and expanded into fund man-

agement in November 1996 by buying John Govett for 230m. Mr Trueger said these latest results had been achieved, despite comparatively quiet stock markets on both sides of the Atlantic, because of its diversified earnings

Operating profit in the twelve months rose from \$20,51mt to \$27.7m. The pre-tax figure included a net profit on the realisation of investments of \$3.66m (\$3.56m). Barnings per share were 83.6 cants, up from 24.5 cents. The proposed first dividend of 8 cents makes a total for the year of 13 cents (10 cents). At John Govett, which has

El.8bn under management, profits were down but "it is healthy and remains solidly profitable," said Mr Trueger. "Its prospects have been sub-stantially enhanced through the strengthening of the strong equity investment team by the addition of new capabilities in the fixed income, international asset allocation and private cli-

ent areas."

Mr Trueger said an acquisition announcement was likely in the next six months. Potential purchases included fund managers in the US or UK. "Our criteria for acquisition is that we want to diversify, and any purchase ought to have a fund management side," he said, highlighting insurance as a possibility.

The City was pleased with these results and marked the

### Inchcape expands minerals shares up 5p to 170p. The John Govett arm suffered from the traumas of the market and testing profits there are probably 25 to

By Andrew Hill

INCHCAPE, the services and marketing group, has bought a minerals testing company based in Canada for £5.3m -its third North American acquisition in the last three

The latest acquisition is Bondar Clegg & Company, based in Ottawa, and Inchcape said this made the group the largest minerals testing opera-tion in North America, with 20 per cent of the market. It already claims to be number one in Australia.

Inchcape is hoping fo expand into Sonth America from the platform of Bondar Clegg's laboratories at 15 locations in the US and Canada.

In October, the UK group bought KIL Testing Laborato-ries, an electrical testing company based in New York, and PKB Scania, a Canadian com-modity testing operation, for a total of £12.5m.

Inchcape claims to be tha second largest inspection group in the world with turn-over at its inspection and testing businesses exceeding £100m in 1988. Other activities includa vehicle distribution and insurance services.

# Mountleigh falls in unsettled half year

By Paul Cheeseright, Property Correspondent

MOUNTLEIGH, the property trading group attempting a transformation into a development and investment company, yesterday announced a drop in half year profits although it is maintaining its interim dividend.

Mr Tony Clegg, the chair-man, who built up the company, warned that there would be "a lower level of realisable profits than in the immediate past." But he declared that the policy of retaining more developments and increasing the investment portfolio "should lead to a greater growth in asset value

Should the UK and interna-tional development programme be completed, it would have an investment value of £1.05bn. The market greeted the results and forecasts with a shrug and the shares, which had been firm in early trading,

closed unchanged at 159p.

Pre-tax profits for the six months to October 1988 were £24.77m compared with £35.42m in the comparable period of 1987. Fully dilnted

earnings per share went down to 5.8p from 9.88p. Earnings taken below the line from the sale of investment properties came to a net £10.36m, compared with £9.8m. Shareholders will receive an

interim dividend of 1.25p a

share. The half year, described by Mountleigh as a period of "many outstanding achievements and some highly publicised disappointments", was in fact one of considerable upheaval

It covered a period when Mr Clege gave up his shareholding and his post of chief executive, before claiming the latter back early in the second half. There were stillborn merger talks with Wembley. The period saw some aggressive property sell-ing by Mr John Duggan, briefly the chief executive, in order to

reduce gearing.
Such sales are reflected in the trading turnover which came to £450.45m in the first half against £96.18m. But the new direction of the company was at the same time evident in a near doubling of rental income to £15.46m.

However, the figures also show that aspirations, briefly entertained, to take over Storehouse and split it up, have led to a provision of £6.7m for losses on the small stake taken in the group.

During the first half, Moun-

tleigh's low market price gave the board the chance to buy in for cancellation 13m shares.

### **NFC** rights entitlements waived by directors

By Clare Pearson

**DIRECTORS SPEAKING for 3.8** per cent of the equity in National Freight Consortium, the transport and distribution company, will be taking up less than half their entitle ments in the one-for-eight rights issue that accompanies next week's stock market introduction. Net proceeds of the issue will be about £47.4m. Some directors in the largely employee-owned NFC are already so heavily invested in the company they are not in a position to take up their rights, according to the company's listing particulars, published

yesterday. Otherwise, the definitive version of the particulars contained few revelations as a detailed pathfinder document, which included the rights issue, was published earlier this month with the timetable

for the flotation. Yesterday's definitive ver-sion also showed that pro forma net assets of the enlarged share capital, on the assumption of full subscription of the rights issue, stand at

81.1p per share.

Dealings in existing fully-paid and nil-paid new shares start on Monday.

# Throgmorton Trust asset value rises 15%

THROGMORTON TRUST, the 2300m investment trust which took over the Framlington fund management group last April, yesterday reported a 15 per cent increase in net asset value to 535.2p over the year to

Over the same period, Throg-morton said that the FT-A All Share Index rose 17 per

eer delay,

247 157

THEARE

The final dividend goes up to 9.25p, making a total for the year of 13.25p (10.6p).

Jivrai family, has sold most of its Florida hotel and leisure interests to Leisuretime Inter-

national, the hotel, travel and nursing home operator in which it has a 29.6 per cent

The \$24.9m (£14.2m) acquist-

tion will be funded by a £14.1m placing of shares which should reduce the Naaz holding to

about 28.5 per cent. When the Jivrais replaced

the Aitken family at the helm of Leisuretime a year ago, it was made clear that Naaz's lei-

sure interests would be

injected into the company fol-

lowing the purchase of six.
nursing homes from the family

Mr Nick Jivraj, Leisuretime

managing director, yesterday said that acquisitions from Nazz had been staged over a year according to a timetable agreed with the Stock.

Exchange.

Exchange.
But he said Leisuretime was

in early 1988.

By Andrew Hill "

Leisuretime acquisition

NAAZ HOLDINGS, the private having to wait.

company controlled by the Nezz still owns four hotels

Results from Framlington were not consolidated. However, the fund management business does have an impact in terms of dividends received by Throgmorton, and on interest payable by the

The purchase was funded by the issue of convertible loan

Yesterday, Throgmorton declined to break out the detailed implications of Framlington's inclusion, beyond

in Portugal and one in Crom-well Road, central London, which should be sold to Leisur-

time in due course.

In Florida, Leisuretime is buying the 445-room Econo Lodge Hawailan, the 216-room Rodeway lim, and 18 acres of development land with plans

development land with plans for a 320-room hotel. Together they should make \$2.4m before

interest and tax in the year to

The sites are close to Disney World and other tourist attrac-

tions in the area, and near another Leisuretime hotel, the

Ramada Resort. Nazza half-share of three

more Florida hotels are being

sold to the private company's

joint venture partner, not to

Leisuretime. About 19 im new Leisure-

and will be offered to existing shareholders at 77p, on the basis of seven new shares for

every 15 held. Leisuretime

December 31 1988.

stating that in the six and a half month period, it more than covered its financing

from £14.67m to £19.51m - with dividends from investments increasing to £13.36m (£10.64m) and dividends from subsidiaries not consolidated rising to £3.42m (£445,000). Expenses and interest took £8.95m (£5.53m).

Throgmorton yesterday said that it was currently carrying Framlington at acquisition Another 3.5 per cent of Throgmorton's assets are accounted for by its stake in International City Holdings, the UK financial services con-

30 per cent down, but it has

increased its clients and prod-

uct base. And, as far as the

group goes, Berkeley's corpo-rate finance side insulates it

from the effects of a dull mar-

ket. development capital

investments being counter

cyclical to the market. The

group's moves to raise money

from US investment institu-tions, which it has never done

before, highlights its confi-

dence. Analysts are looking for

pre-tax profits of \$40m this

year, putting the shares on a cheap prospective p/e of 7.

cern.
ICH saw a sharp fall in its share price between mid-1987 and December but earlier this month announced that talks were in progress which might pany.

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# now large enough to absorb shares fell 2p to 82p

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WOODROW

Rush & Tompkins

confident after

By Clare Pearson

## Major core businesses improve their performances

# Allied Textile shows 23% profit advance

By Vanessa Houlder

ALLIED TEXTUE Companies, the wool textile group, reports a 23 per cent rise in pre-tax profits to £11.85m for the year to September 30 1988, from £9.64m. Turnover increased by 19 per cent to £100.2m (£84.2m). Mr Russell Smith, chairman.

said the company had dis-tanced itself from the problems of the rest of the sector as a result of its wide variety of activities, its high efficiency, speciality products and ample financial resources.

The differentiation between Allied Textile and the rest of the sector would become increasingly evident in times of difficult trading conditions, and be expressed confidence the group would continue to produce relatively superior Earnings per share rose to 31.6p (27.7p). A final dividend of 6.8p makes 10.6p (9.2p). Profits from the textile businesses rose by 35 per cent to £9.84m (£7.81m) with improved

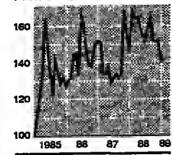
performances from all the major core husinesses. Exclu-ding recent acquisitions, the mature businesses in the group increased profits by 22 per cent. Bulmer & Lumb, the wood top dyer acquired last year, lifted profits from £500,000 to £1.5m.

Profits on unrealised invest-ment gains surged from £500,000 to £3.5m. Cash and investments advanced from £21.6m to £28.1m, Mr Smith said the com-

pany would continue to

Share price relative to the FT-A All-Share Index

**Allied Textile** 



explore opportunities for expansion by acquisition. How-ever, it was determined to avoid diluting its earnings.

O COMMENT Allied Textile shares may have underperformed over the past few months but shareholders would not begrudge some cele-hration of the company's twenty-fifth anniversary. After chalking up compound growth of 25 per cent, its shares have comfortably outpaced the mar-ket in the past five years leav-ing the textiles sector miles behind. Allied moved away from the commodity end of the market in the 1970s and now concentrates on high margin, low competition, specialist items ranging from chocolate box ribbons to flame retardant fabric for car seats. That and

its fast stock-turn, rapidly up-

dated technology and develop-ment of new fabrics have so far protected it from the strong pound and cheap imports that have dogged much of the rest of the industry. The question for the future is how far this apparent immunity to the sector's problems can be maintained. If retailers squeeze suppliers, Allied can hardly fail to feel the pinch - although it has not, up to now, felt any such ill effects. In any case, the com-pany's financial activities should insulate it from the tex-tile division's potential slowdown. Analysts expect the company to make profits of about £13.3m this year. That puts the shares, up 4p to 354p, on a fairly valued prospective

# Coloroll £7m expansion

By Philip Coggan

COLOROLL, the home products group, has strength-ened its position in the wallcoverings market via the purchase of Burlington, a private company, for about 27m.

Blackpool-based Burlington

has invested heavily in foam vinyl manufacturing. Coloroll says foam vinyl is the fastest

Coloroll's share of the sector will rise to 30 per cent follow-

ing the acquisition.

Last year, Burlington made pre-tax profits of 21.3m on sales of £10.7m. Coloroli says Burlington has a six-acre site with substantial scope for expansion and a further five acres close by, which will be used for further invest-

### **BET** sells Australian operation for £26m

By Ray Bashford

BET, the international services group, has sold United Transport, its Australian oper-ation, to Brambles Industries, the Australian-based materials

the Australian-based materials handling group, for A\$52m (225.9m).
United operates crane hire, freight forward, bulk tanker transport, warehousing and storage in Western Australia and Queensland.
Its broad range of activities did not fit with BET's strategy of concentrating ware nar-

of concentrating more nar-rowly on operations such as containers and bulk chemical

containers and bulk chemical liquids.

BET is also attempting to develop the UK, North America and continental Europe as its principal areas of activity.

Although the sale includes all existing Australian businesses, the company would consider a return to the country if an alternative venture. try if an alternative venture became available.

BET has been in discussion with Brambles, which has built up a strong international network during recent years, for about six months about the disposal. The sale also stirred interest among possible buyers in European, North American and Australian companies.

lead contractor. Performance is improving in the more competitive sonth, where its partnership approach is finding favour. Competitive tender contracts

partners to form 40 joint ven-ture schemes and the number

compared with £350m at the year end. A number of these schemes are now being com-pleted and sold.

The company is particularly optimistic about the development potential in the midlands

and north, and its workload remains high at the Metro Cen-tre in Galeshead where it is

comprised about a third of turnover with the remainder made up of negotiated work, in much of which the company had an equity stake. Profit derived almost entirely from negotiated contracts.

31% rise to £3.32m Reflecting a tax charge six percentage points lower at 30 per cent, earnings per share rose to 15.6p (10.1p). The interim dividend is raised to 4p (2.25p)

RUSH & TOMPKINS, property developer and contractor, achieved a 31 per cent advance to £3.32m in pre-tax profits in the half-year to end-September (3.25p).
The \$7.65m profit from the Anril sale of Marlowe House, the company's former head-quarters, is to be inclined in the full-year results as an exceptional item. It will have no impact on shareholders' finds. 1988 on turnover 12 per cent ahead at £110.19m. Mr Nigel Dunnett, menaging director, said: "Our partner-ship approach as a contractor developer is now proven to be successful. We look forward to the future with a great deal of

funds.

Mr. Dunnett said he was happy to have Higgs & Hill, the building and property group which took a 14.9 per cent stake in Rush & Tompkins last autumn, on the register at this level. A new management team initiated this approach in 1936, when most of the investment property portfolio was sold off. Since then, the company has been joined by more than 20

O COMMENT continues to grow.

Rush & Tompkins now estimates that the end value of industrial, office and retail developments is about £500m.

Rush & Tompkins' shares have had a good run recently, and at around 370p are not likely to push much further ahead in the short-term. However, the company is viewed as offering company is viewed as offering interesting longer-term possibilities, in which the Higgs & Hill stake is only one element. R&T is believed to be unique in the UK as a contractor-developer with each venture established lished as a separate company, off-balance sheet: a mode of operation that gives it considerable control over each project. The approach appears to be catching on strongly, and the current development value probably means to R&T about £40m worth of pre-tax profits over the next three years. The shares, which stand on a prospective p/e of about 9.5 assuming the current year pre-tax figure is around £8.3m, are worth holding.

### Caird and Evered link in waste disposal venture

By Clay Harris

CAIRD GROUP, the waste will be able to follow behind, disposal company, is to become Britain's second largest landfill operator through a joint ven-ture with Evered Holdings, the quarries group.

One company has holes in the ground, the other a profit-able wey of filling them. "It's a natural marriage," Mr Roy Ket-tle, chief executive of Evered,

Caird-Evered, the joint ven-ture, will develop Evered's quarries for waste disposal purposes. Caird will seek planning permission for the sites, which have a total landfill capacity of 100m cubic metres, and operate the disposal busi-

As Evered extracts aggregates from each quarry, Caird

filling with waste. After deduction of costs including a royalty paid to Evered, Caird and Evered will split the profits. Evered will also extract stone, gravel and sand under lease from Caird's

sand under lease from Caird's existing landfill sites.

Mr Peter Linacre, chairman of Caird, yesterday described the deal as a "pooling of complementary interests." Caird and Evered both see the venture as a means of national expression.

Most of Evered's 14 quarries are in Scotland and the north of England. All of the existing sites which will be part of the venture will remain owned by Evered, although some future sites may be bought by the

### CH Bailey forecasts only £0.38m

For the year ending March 1989, C.H. Balley is forecasting profits in the region of £380,000, against £1.55m the year before.

year before.

The group, engaged in financial management, shiprepairing, engineering, and leisure pursuits has already warned that the year would be fortunate to match 1986-87. Last year it received a boost from release of investments.

year it received a soost from sales of investments.
For the opening 28 weeks of the current year turnover rose to £3.76m (£3.29m). However, the profit fell to £188,000 (£661,000), and a £9,270 (£23,072) share of associate less received the stretchishles. loss reduced the attributable profit to £178,000 (£638,000). The Bristol Channel Ship Repairing associate halved its loss to £31,000 although turn-over fell to £42,000 (£743,000).

### growing sector in the wallcoverings market and that

Thomas Cook retreat in price war boosts profits A move away from the fiercely competitive package boliday price war helped Thomas Cook, the travel agency and tour operating subsidiary of the Midland Gronp, to increase profits sharply for the 12 months ended October 31 1988, writes David Churchill, Leisure Industries Correspondent

Pre-tax profits rose to £21.16m, against £11.28m, on turnover up hy 21 per cent from £281.08m to £341.03m.

Cook last year pulled out of the unprofitable short-haul package holiday market. But it is expanding in the higher margin long haul sector. Its improved performance

was also helped by a cost-cut-ting programme and managent re-organisation.

"Withdrawal from products and markets where there were inadequate returns will reflect in the future growth in profit-ability from 1989," said Mr Peter Middleton, chief execu-

lists to advertisers in the UK

and abroad, for the half year to end-October, Sales rose

chairman of the group which joined the USM last April, said

that the period had seen steady

sales growth from existing

clients as well as success in

attracting new customers.

An interim dividend of 1p

is payable from earnings per 5p share of 3.19p (2.77p).

Asset value and

G.T.Japan Investment Trust'

net asset value was 353p at December 31 (311.2p). Net

profits for the half year to end-December rose to £746,000 (£91,000). Interim dividend is

increased to 0.5p (0.4p).

**Emphasis** on

maintenance

DDT Group, engaged in computer maintenance and distribution, reported taxable profits of £116,000 in the six

months to September 30 1988.
The marginal increase from £111,000 came on turnover of

Crook, chairman, said that the restructuring and rationalisation of the group

£3.59m (£3.54m). Mr James

had been completed.

**DDT GROUP** 

GT JAPAN TRUST

earnings up

£730,000 to £2.67m.

Mr Tylan Bahcheli,

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TransCanada PipeLines Limited

NOTICE OF MEETING OF HOLDERS OF FIRST MORTGAGE PIPE LINE BONDS

NOTICE IS HEREBY GIVEN that a meeting of the holders of the above Bonds (the "Bonds") of Trans-Canada PipeLines Limited (the "Company") issued and outstanding under the Deed of Trust and Mortgage and the Trust Deed of Hypothec. Mortgage and Pledge, both dated as of January 1, 1957, between the Company and National Trust Company, Limited (now National Trust Company) (the "Trustee") as heretofore supplemented, changed, modified and amended Icollectively, the "Mortgage") will be held on the 8th day of February 1989 at 2:00 p.m. (Torooto Time) at Commerce Hall, Commerce Court West, (King and Bay Streets) Toronto, Ontario for the purpose of considering and, if thought fit, passing an Extraordinary Resolution for the following purposes

1. To assent to the amendment of Section 5.19 of the Mortgage (i) to exempt the redemption by the Company of Reorganization Shares to be issued by it pursuant to a statutory plan of arrangement proposed by the Company (the "Plan of Arrangement"), the redemption of which is required to enable the Company to distribute the Encor Energy Corporation inc. ("Encor") common shares to the common shareholders of the Company, and iii) to exclude from the calculation of net income of the Company any

2. To assent to the addition to the Mortgage of new definitions of "Encor", "Plan of Arrangement" and "Reorgaoization Shares"; and

3. To assent to any changes in the Mortgage which shall be agreed to by the Company and which may be necessary or desirable to carry out such resolutions as may be passed at the meeting and to authorize the Trustee to concur in and execute a supplemental indenture embodying such changes.

This Notice is given pursuant to the provisions of the Mortgage with the intent that any resolution passed as an Extraordinary Resolution at the meeting or any adjournment thereof shall, if passed in accordance with the provisions contained in the Mortgage, be binding upon all of the holders of the Bonds whether present or absent from such meeting or any adjournment thereof and the Trustee shall be bound to give effect thereto accordingly, and with the further intent that in considering and/or passing any such resolution, ony such meeting may modify, amend, change, amplify, add to or omit any of the matters and things bereiobefore specified, it being stipulated that the foregoing does not purport to specify the exact terms of any resolution to be proposed at the meeting, but only to indicate the general nature of the business to be transacted thereas.

losses of the Company resulting from the disposition of the common shares of Encor pursuant to the Plan

16% Series due July 2, 1996

161/2% Series due September 1, 2007

161/2% Series due July 2, 1997

### News Digest

### FLEXTECH Recovery begins to gather pace

FLEXTECH, the USM-quoted oil services group, continued its recovery in unveiling taxable profits of £788,000 for the six months to September 30 1988. The outcome compared with a deficit of £164,000 last time and profits of £314,000 for the 10 month period to end-March 1988.

Turnover increased sharply to £13.04m (£4.7m). Directors said that Expro, Flextech's operating subsidiary, should continue to trade profitably although oil price volatility might affect exploration

budgets of its customers. After tax of £396,000 (£25,000) and minorities £109,000 (£5,000), earnings per 10p share worked through at 1.29p (losses of

0.92p). The high tax charge emanated from the rate paid by Expro on its overseas earnings. Flextech was taking steps to rationalise Expro'e tax affairs, benefits of which were expected in the next financial year.

An extraordinary credit of \$202,000 related to the group's proportion of profits arising on the sale of Expro'e UK production division to a subsidiary of British and Common wealth.

### HARVEY & THOMPS'N Earnings and dividend up

With first half earnings ahead from 12.1p to 15p,

Harvey & Thompson is raising its interim dividend by 1p to

collecting group increased pre-tax profits by 26 per cent, from 2802,000 to £1m, in the six months ended December 31 1988, from operating income of £3.55m (£2.53m).

increase in the dividend in the second half. Recently, the company acquired Anchor Confirming

It had a very good first

### **Progress shown** at year-end

currently in the early stages of e planned reshaping, raised its profits from £50,954 to £68,079 pre-exceptional items for the year to end-September

However, after taking the net proceeds of the sale of the Britannia Precision factory amounting to \$27,764 above

the line in 1986-87, pre-tax profits for the past year abowed a downturn of £10,839. Turnover improved from £2,28m to £2.69m, and from earnings of 1.82p (1.96p) the dividend for the year is being lifted by 0.1p to 1p via a final

### **BRIT BLOODSTOCK** Exceptional interim boost

Pre-tax profits at The British Bloodstock Agency almost trebled in the six months to September 80 1988 from £118,000 to £382,000 following an exceptional credit this time of £373,000 from the sale of the former head office. Turnover was lower at £1.83m, against

After a tax credit of £21,000 (£55,000 debit) earnings per share for this USM-quoted company were 10.1p (1.5p). The interim dividend is unch at 2.5p.

### SCOTT PICKFORD Midway decline to £33,468

In its first set of results since joining the Third Market, Scott Pickford has seen interim pre-tax profits fall from £40,348

to £33,468.

Turnover of the company, which provides geophysical and computer services to the oil, gas and minerals exploration industries; rose from £577,360 to £684,791.

However, cost of sales in However, cost of sales in the six months to September 30 jumped to £81,481 (£35,571) and interest receivable fell to £13,249 (£19,865).

Earnings per 10p share worked through to 0.31p (0.37p). There is no interim dividend.

### **EUROPA MINERALS** Share placing completed

for the main market placing of Europa Minerals, the mining finance company, said the placing had been completed with 5m shares being sold at 100p each to give a projected market capitalisation of £13.3m.

The number of placed shares was greater than Kleinwort Benson had expected earlier this month. But it was still less

than the issue of around 5.5m shares anticipated before Europa postponed its flotation, citing difficult stock market conditions, last December.

Dealings are expected to start on February 7.

### **DUDLEY JENKINS** Growth from mailing lists

Pre-tax profits 29 per cent higher at £241,000 were reported by Dudley Jenkins Group, a supplier of mailing

### Cityvision acquires video film supplier for £4.5m By Vanessa Houlder

CITYVISION, the USM-quoted video film hire group, yester-day announced the acquisition of Tredegars Home Entertainment, a supplier of video films to retailers, from Hillsdown Holdings for £4.5m in shares and cash.

and cash.

Following the acquisition.
Cityvision will be the UK's
largest buyer of video films for
rental, with films on offer in
over 2,500 retail outlets.
Tredegars made a pre-tax

loss of £17,000 in 1988, after adjusting for interest which will not be payable following the acquisition, and costs and new shares, most of which will

The vending machine divi-sion has been sold at net asset value to a new company in which Cityvision has taken a 10 per cent stake. Cityvision said strong : 270

30V ×

increases in profitability would be achieved from overhead savings, increased stock usage and purchasing power that would result from the combina-tion of Tredegars with Video-serve, its video film leasing

losses relating to a video be placed at 103.5p. The balvending machine division. The ance will be paid in net tangible assets are valued cash.

### Residential Property Securities No. 2 PLC

£200,000,000 Mortgage Backed Floating Rate Notes 2018

The rate of interest for the three mouth period 27th January, 1989 to 27th April, 1989 has been fixed at 13.45 per cent, per annum. Compon No. 3 will therefore be payable on 27th April, 1989 at £3,316.44

per coupon.

Aggregate inscreas charging balances of Morranges redeemed during the previous interest Periods £7,151,183. Aggregate interest charging balances of Mortgages redeemed as at 26th January, 1989: £16,151,183. The aggregate principal amount of Notes outstan 26th January, 1989: £200,000,000.

S. G. Warburg & Co. Ltd. Agent Bank

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It is not an invitation to subscribe for or purchase any shares. Application has been made to the Council of The Stock Exchange for the whole of the issued ordinary share capital of Sharpe & Fisher plc. to be admitted to the Official List.



Sharpe & Fisher pic. (Incorporated in England -- Registered No. 2310566)

### Introduction to the Official List

Authorised £7,000,000

Share capital ordinary shares of 25p each

Issued and fully paid £5,164,392

The principal activities of Sharpe & Pisher plc. comprise the distribution of building supplies and property investment and development. Listing Particulars relating to Sharpe & Fisher plc. are available in the Extel Statistical Service and copies may be obtained during normal business hours on any weekday up to and including 14th February, 1989 from:

Sharpe & Fisher pic., 29 Imperial Square, Cheltenham GL50 1QZ

J. Renry Schroder Wagg James Capel & Co. Limited,

& Co. Limited, James Capel House, 6 Bevis Marks,

120 Cheapside, London EC2V 6DS London EC3A TiQ

and (for collection only) up to and including 3rd February, 1989 from: The Company Announcements Office The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD

-- 1st February, 1989

# This Notice, the text of the proposed Extraordinary Resolution, a letter from the President and Chief Executive Officer of the Company, a memorandum describing the proposed amendments and the reasons therefor, regulations and instructions to holders of Bonds relating to attendance and voting at the meeting and a form of proxy are being mailed to all registered holders of the Bonds. Copies of such documents, forms of proof of ownership certificates and other documents to enable the holders of unresistered Bonds to be present and vote at such meeting and any adjournment thereof in person or by proxy without producing their Boads may be obtained on application to any of the offices of National Trust Company mentioned below: 6th Floor 1008 Home 2000 McGill College Suite 900 393 Portage Avenue King Street East Oil Tower Avenue 666 Burrard Street Winnipeg. Manitoba 1000 1000 324 - 8th Avenue S.W. Mezzanine Level Vancouver, British R38 3H6 MSC 183 Calgary, Alberta Montreal, Quebec T2P 382 H3A 3H4 V6C 2Z9 21 King Street East

91/1% Series A due July 2, 1992

94% Series B due July 2, 1992

8%% Series A due May 1, 1993

8%% Series B due May 1, 1993

or will be sent without charge to a holder of a Bond upon request by calling (416) 361-3926. Bondholders resident in the United Kingdom may obtain the relevant documents from: The Royal Bank of Scotland plc. Registrar's Department, 29 Gresham Street, London, England, EC2V 7HN, DATED the 13th day of January, 1989.

NATIONAL TRUST COMPANY, Trustee

4p.
This pawnbroking and debt

Assuming the upward trend continued, the directors hoped to recommend a further

and Finance, now known as Harvey & Thompson Trade

month and prospects were most encouraging, the directors stated. E'TRONIC MACHINE

Electronic Machine Company, a manufacturer of radar and optical components and

### **FT LAW REPORTS**

# Restriction on shares are not imposed as a penalty

RE LONRHO PLC

not imposed as a penalty; and the court will not make an ex parte restriction order on the grounds of inaccuracies in shareholders' replies to company requests for particulars of interest if they may be adequately explained on investigation at a full hearing, and if undertakings given by the shareholders are sufficient to protect the company's inter-ests pending that hearing

Series Anna Contraction of the C

es video

List

Mr Justice Hoffmann so held when refusing an ex parte application for an order for the imposition of restrictions on 95m shares in Lonrho plc held by companies in a group con-trolled by Mr Alan Bond.

Section 212(1) of the Compa-nies Act 1985 provides: "A public company may by notice , require a person whom the company knows or has rea-

sonable cause to believe to be . . interested in shares . in the company - (a) . . indicate whether or not it is the case : . . (b)(2) A notice under this section may require the person to whom it is addressed (a) to give particulars of his interest ...
(b) other interest ...
Section 216 "Where notice is

served under section 212 and that person falls to give information required by the notice . . . the company may apply to the court for an order directing that the shares in question be subject to the restrictions of Part XV of this Act [on voting, transfer, further issues, dividends]. (2)Such an order may be made by the court . . . .

HIS LORDSHIP said that 95m shares in Lonrho were held by companies which formed part of a group controlled by Mr

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They had started to acquire the shares towards the end of September 1988, Notification was given to Lonrho.

Requests were served on Mr Bond and some of his compa-nies under section 212 of the Companies Act 1985 for information about their interest in

the shares, the interests of any Chancery Division: Mr Justice other person known to them, Hoffmann: December 17 1989. and any agreements providing and any agreements providing for the acquisition of Lourho RESTRICTIONS on shares are shares within section 204.

The teplies showed that the shares were being acquired for a company called Bond Corporation Holdings in which Mr Bond had a controlling interest, and that they were being vested in one of its wholly owned subsidiaries called Hurstrages Finance.

simere Finance.
Among Mr Bond's interests
was a substantial holding in a publicly quoted Anstralian company called the Bell Group Ltd. which controlled another publicly quoted company called Bell Resources Ltd.

in the early replies to section 212 notices, no reference was made to interests in the shares being held by companies in the

Bell sub-group. However, on November 14 it was revealed that the beneficial owners of 20m shares vested in Hurstmere was a wholly-owned subsidiary of the Bell sub-group called Wilshire

Pty pic. In a further answer given on November 25 it was said that Hurstmere only held 18.75m beneficially. It held the remaining 76m on trust for Wilshire Pty that was to say, benefi-cially within the Bell sub-

group.

More recently the Bond companies had announced to the Perth Stock Exchange in Aus-tralia that all of the 76m shares now held on trust for Wilshire Pty were acquired for Wilshire beneficially in the first place. Lonrho applied under section 216 for the imposition of restrictions on the 95m shares in accordance with Part XV of

Evidence was adduced of an announcement by the Stock Exchange which appeared to show a state of affairs inconsistent, with the answers given before November 25. ... Mr Crystal for the Bond com-

panies accepted that the answers given earlier were not They should have revealed the beneficial interest in the

Bell sub-group. He said, however, that that was not the result of any deliberate wish to conceal information; it was rather on account of a misunderstanding in England as to what was happening in Australia or vice versa, and that the answers given to further requisitions and to the Stock Exchange

were now correct. He accepted that the matter would need to be investigated at the full hearing and he offered, pending that hearing, an undertaking not to dispose of the shares in the meanwhile. Mr Stuhbs for Lonrho said that was not enough. In principle it would be right at the present ex parte hearing to impose all restrictions of Part

Those were extremely severe. They not only prevented any transfer of the shares from being registered, but also disabled the holders of

the shares from voting or receiving any dividends.

The banks holding security interests were particularly con-cerned at the effect of such a restriction on their ability to realise their security if neces-sary, and to receive dividends by way of servicing their loans. Mr Stubbs's ground for seek-ing immediate imposition of the restrictions was that it was

desirable to put pressure on the Bond interests to give more information than they had so far given.

Not only did he want a full explanation of why apparently contradictory returns had been given, but he also said he was entitled to further details of

section 204 agreements for acquisition of the shares. In particular he would like to know whether such agreements contained any reference to the possibility of a bid for the company.

The respondents said he was not entitled to that information and that they had already given all that the Act required them to give.

Mr Stubbs referred to Re Lonrho [1988] BCLC 53 in which the judge made a restriction order at an ex parte hearing, saying there were reasonable grounds for the applicant's belief that full and accurate answers had not been given to all the questions

7.3.2.00

Mr Stubbs said in the present case the respondents admitted their earlier answers were inaccurate.

He submitted there was not even a triable issue and no ground as to why the restrictions should not be imposed

That did not take into account the discretion which section 216(2) gave the court. It said the order "may" be made, not that it "must" be

made. It would not be right at this stage to assume that the Bond companies' present position (that whatever inaccurate information might have been given earlier they were now stating the beneficial ownership correctly) was wrong. If on hearing the motion

inter partes it appeared likely that full information had been given and that there was an adequate explanation for the earlier inaccuracies, it seemed not unlikely that the court would think it unnecessary to bring down on that holding the full severity of Part XV.

The policy of the Act was that there should be full disclosure, but allowance must also be made for human fallibility. There was nothing in the authorities which suggested that the court would necessarily impose those penalties on account of any maccuracy in the information supplied. That remained to be

At the present stage all the court need do was to avoid any possibility that the investigation might turn out to be nuga-tory on account of prior dis-posal of shares.

For that purpose the undertaking offered was sufficient.

For Lonrho: William Stubbs QC and Martin Moore (Stephenson Harwood)

For the respondents: Michael Crystal QC, David Richards and Mark Phillips (Slaughter and May); Mark Hapgood (Linklaters & Paines); Gavin Lightman QC and Leslie Kosmin (SJ Berwin)

# Person registered as a shareholder becomes a company member

RE NUNEATON BOROUGH ASSOCIATION FOOTBALL

CLUB LTD
Court of Appeal (Lord Justice
Fox, Lord Justice Ralph Gibson
and Lord Justice Nicholls): December 21 1988.

A PERSON who is allotted shares in a company and is registered as a shareholder "agrees" to become a member, though there is no contract between him and the company, and ha therefore has locus standi to petition for an order that the company's affairs are being conducted in a manner prejudicial to some of the

The Court of Appeal so held when allowing an appeal by the petitioner, Mr Joseph Shooter, from the order of Mr Michael Wheeler QC, sitting as a deputy Chancery Division judge, striking out a petition relating to a company, the Nuneaton Borough Association Football Club Ltd. The respon-dents to the petition were the company, Mr Noel Kelly and others who were, or claimed to be, shareholders. Mr Kelly was respondent to the striking out

appeal.
LORD JUSTICE FOX said that on Fehruary 20 1987 Mr Shooter presented a petition in relation to tha company's affairs, under section 459 of the Companies Act 1985. The section provided that "a

member" of a company might petition for an order that the company's affairs were being conducted in a manner prejudicial to some of the members. Section 22(2) of the Act pro-vided that "a member" included a person "who agrees

to become a member of the company and whose name is entered in its register of mem-Mr Noel Kelly applied to strike out the petition on the ground that Mr Shooter was

not competent to present it.

The issue was whether Mr
Shooter was a member of the company within section 22(2). The deputy judge concluded reluctantly that he was not. Ha observed that Mr Kelly, the driving force in the company since 1976, appeared to have done very little or nothing to answer Mr Shooter's very pertinent enquiries regarding the conduct of the company's affairs; and that it was the almost total failure to observe

the simplest of legal require-

ments, particularly with regard

to the holding of general meetings and the conduct of directors' affairs, which had led to the chaos which enabled Mr Kelly to attack Mr Shooter's

status as a petitioner. In 1986 Mr Kelly had intimated to Mr Shooter, a football snpporter, that the company was in financial difficulties and would need an injection of capital. Mr Shooter offered to subscribe for 10,000 £1 shares at par. Mr Kelly offered Mr Shooter the post of vice-chair-man of the board of directors. In September 1986 Mr

Shooter was appointed vicechairman and co-opted on to the board. On October 30 at a meeting of directors at which Mr Kelly presided, it was resolved that 10,000 ordinary £1 shares should ba allotted to Mr Shooter. Mr Shooter paid the

those shares and was registered as a shareholder.
On November 7 he agreed to purchase another 10,000 shares from a Mr Gallagher. Those shares were transferred and the share certificate was deliv-

ered to him. The transfer was presented by Mr Shooter to the company not later than the end of November, hut it had never been registered. Those shares therefore did not avail him for the purpose of section 22(2).

The shares allotted to him in October, however, were regis-tered in his name. The question was whether Mr Shooter agreed to become a member of the company.

It was said that "agrees" in section 22(2) was not satisfied by mere assent but required a contract between the petitioner and the company, and that there was not at any relevant time a properly constituted board of directors competent to authorise such a contract.

The deputy judge held that the section contemplated an agreement "in the technical sense" between the prospective member and the company. It was uncertain whether by that he meant a contract, or some bilateral agreement falling short of a contract. Mr Kelly's case was that a contract was

A contract was not necessary. The section made no reference to any hilateral ele-ment. It merely required the agreement of the person to become a member. The com-

pany having seen fit to register him as a member, that was enough until the register was rectified by removal of his name - at which point he ceased to be a member.

As a matter of English, "agrees" was satisfied by mere assent. The Shorter Oxford Dictionary included "to accept favourably, to accede to, to consent to", among the meanings of "to agree".

The result seemed workable and reasonable in practical terms and there was no need for a contract requirement.

The authorities gave support to the view that assent to registration as a member was suffi-cient to satisfy "agrees" in section 22(2). (See Re Railway Timetobles Publishing Com-pany 42 Ch D 98; re Disderi 11 Eq 242; Re James Pilkin & Co 44 LJ 318).

company £10,000 in respect of Further, there were difficulties in applying the "contract" interpretation of "agrees" to a transfer of shares, as opposed to an allotment. If there had to be contract, with whom was it to be? Presumably with the company. But all that the transferee did in relation to the company was to tender the

transfer for registration. The result was that Mr Shooter did agree to become a member of the company and was entered on its register of members. Accordingly when he presented the petition he was a member of the company as defined in section 22(2). Therefore, the motion to

strike out failed. Suppose, however, that that construction of section 22(2) was wrong. Affidavit evidence filed on behalf of Mr Shooter stated that examination of the company's papers led to the conclusion that it had been without a valid board of directors since November 1976, and that all purported directors' appointments and share issues since that date had been invalid.

The deputy judge held that in the face of that conclusion it was not open to Mr Shooter to argue the contrary. His 10,000 shares were part of an issue made in 1985. His Lordship did not take that view. The evidence before the court must be looked at more widely. Although Mr Kelly relied on the statement that the company had no valid board of directors since November 1976

the company's affairs had been regularised by May 1978. On the evidence, including

Mr Kelly's own evidence, it was not possible on an interlocutory application to deter-mine the true position as to the company's constitution. The position was complex and the outcome debatable. That being so, it would not be just to proceed on the basis of only part of the evidence. There were

arguable matters for trial. The petition should not be struck out, and the appeal should be allowed.

LORD JUSTICE NICHOLLS agreeing, said there was no justification in the language of section 22(2), or in the context for the existence of a prior hinding contract being a pre-requisite to membership.

The language was wholly apt to stipulate the need for the would-be member's consent.

As to context, two points could be noted. First, Mr Kel-ly's construction of section 22(2) did not produce a work-able result in the case of a person who acquired his shares from a transferor. In the nor-mal way, a transferee did not enter into a binding contract with the company prior to being entered on its register.

Second, a company and its member were bound by the memorandum and articles to the same extent as if they had been signed and sealed by each member. That a person should not be so bound unless he had first consented, expressly or impliedly, was eminently sensi-ble and unexceptional.

Moreover, the subsection protected the company's posi-tion by stipulating that a further requisite of company membership was entry in the register. Against that back-ground there was no need for a requirement that in addition to entry on the register with the consent of the person in ques-tion, there must always be a prior binding contract between the company and the would-be member.

LORD JUSTICE FOX also For Mr Kelly: EC Evans-Lombe QC and John Briggs (Varley Hibbs & Co, Coventry) For Mr Shooter: (Robin Potts QC and Victor Joffe (Richard

Heynes & Coopers, Coventry)

Rachel Davies Barrister

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The Financial Times proposes to publish a Survey on the above on

5th April 1989

For a full editorial synopsis and advertisement details, please contact:

Chris Schaanning Cors Schaanburg

on 01-248-8000 ext 3699 or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY. Or contact your local representative



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This advertisement is issued in compliance with the Regulations of the Council of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("The Stock Exchange"). Application has been made to the Council of The Stock Exchange for the whole of the ordinary share

capital of the Company, issued and now being issued, to be admitted to The Official List. It is expected that admission will become effective on 7th February, 1989 and that dealings will commence on the



**EUROPA MINERALS GROUP PLC** (Incorporated in England under the Companies Act 1985 with registered number 2283291)

Placing by

Kleinwort Benson Securities Limited

5,000,000 Ordinary Shares of 2p each at 100p per share

Share Capital

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# farm income figures

By Bridget Bloom, Agriculture Correspondent

THE BRITISH Government's suggestion that declining farm incomes are being made up from non-farming sources was both misleading and unjustif-

isd, tha National Farmers'
Union said yesterday.
In a new report published on
Monday the Ministry of
Agriculture revealed a 25 per
cent declina in Britain's aggregate farm income last year but pointed out that the Inland Revanue figures showed that between 50 and 60 per cent of farmers' incomes on average came from non-farm sources, including investments, pensions and other employ-

In a statement reacting to the report, the NFU said that the Inland Revenue figures did

not distinguish between fulland part-time farmers.

It claimed the inclusion of 113,000 part-time holdings which account for 44 per cent of total farm holdings but only some 3 per cent of farm

output - greatly distorted the

It was both a misleading and unjustified approach, the union said, since it suggested that all farmers had scope to supplement their farm income from external sources. This was unlikely to be the case for most full-time farmers, an NFU official maintained.

Mr Simon Gourlay, the NFU president, said that earnings from "pensions and other occupations had no bearing on the economic condition of

farming."

On a separate point, Mr
Gourlay noted that the ministry had fairly shown variations in income batween farm sectors but had falled to draw the proper policy lessons from

Mr Gourlay suggested that the reason why dairy producers had rising incomes was because milk quotas had cut production and stocks and helped guarantee farmers a reasonable income. That contrasted with the "disastrous" impact on arable farmers of price cutting and other reform measures which did not include "supply man-Agriculture in the UK: 1988. HMSO, £7.60.

## Dutch climb North Sea league

By Laura Raun in Amsterdam

THE NETHERLANDS last year surged past Norway to become the second most active and successful country in offshore drilling activity in the North Sea, after the UK, according to a study released by County NatWest/Wood Mackenzie.

The upturn in the Dutch sector should continue this year as a major project, NOGAT, gets under way and the seveuth round of liceuses is announced, the study predicts.
NOGAT involves NAM, jointly
owned by Exon and Shell, Elf
Petroland and DSM, the Dutch chemicals company, in a \$1.4bn gas-gathering pipeline project to tap prospects in the north-ern part of the Dutch sector.

Euergy activity lu north-west European sectors of the North Sea is still modest compared with the UK sector, but it is growing in impor-tance. The total number of wells outside the UK jumped 24 per ceut to 126 in 1988, although that is still only around half the number in the

In the Dutch sector wells nearly doubled in number to 62 in 1988 from 35 the year before and rose 21/2-fold to 49 in the Norwegian sector. Denmark came next with 10, followed by Ireland with three and West Germany with two.
The Netherlands achieved a THE STATE-OWNED Turkish Petroleum Corporation has made a substantial find of light oil at Kahta, in the south-east of the country, which could increase its production by around 46 per cent to 2.2m tonnes annually, writes Jim Bodgener in

Ankara. The potential of the field will not be fully revealed, however, until the third of three wells is completed in the

success rate of roughly 50 per cent in its exploratory wells, compared with Norway's 20 per

cess in appraisal drilling, how-ever, as reserves were found in the Ula and Njord fields and an oil reservoir was confirmed south of Eldfisk. County NatWest/Wood Mackenzle predicts that explor-

atory activity in north-west European sectors of the North Sea will remain at about the same level this year as in 1988. Work in the Netherlands is forecast to continue at a high level into the early 1990s as a result of the seventh licensing round, which drew a record number of applicants, Results

This could provide a significant booat for Turkey's current account, already in surplus to the tune of US\$746m in the first 11

months of this year. Crude oil forms the bulk of the 40 per cent of total energy requirements that Turkey is forced to import.

The country's oil bill in the first 11 months of 1988 amounted to \$2,195m, compared with \$2,479m in the same period of 1987.

Dutch activity is buoyant for several reasons, according to County NatWest/Wood Mackenzie, which has earned a reputation for accurate studies of the north sea offshore indus-

> One reason is that exploration and development costs are relatively low due to the shallow water on the Datch conti-Another is that an extensive pipeline infrastructure allows small gas prospects to be

> tapped economically. Thirdly, gas coutracts are won more quickly than in the UK or Norwegian sectors because Dutch government policy is aimed at developing offshore fields while preserving the huge Groningen field

# Belize aims to boost citrus output

COCOA E/Jonne

By Canute James, in Kingston, Jamaica

BELIZE IS expanding the acreage under citrus, aiming for a 30 per cent increase in production by 1992. The plans are based ou

increasing the current area under orchards from the curreut 18,000 acres to 25,000 acres

The industry says the expansion will lift output from last year's 2m boxes (42 lb per box) of oranges and grapefruit, to about 3m boxes. Output last year was a 500,000 boxes below 1987, but is expected to recover to just under 2.5m boxes this

Belize ships most of its citrus in the form of concentrated juice to its neighbouring Caribbean Economic Community partners, and to the US, which allows the product duty free entry under a special trade programme for the Carib-

DON METAL EXCHANG

# NFU attacks 'misleading' | The Philippines' sleeping nickel giant

Richard Gourlay on moves to reactivate the mothballed Nonoc complex-

TANDING IN the silence beneath Nonoc Nickel Corporation's rusting ore roasters or moving past motionless cranes across its abandoned mine it is hard to believe life will ever stir again on this southern Philippine

Laundry belonging to a guard's family hangs from idle conveyor belts and grass grows on ore dumped nearly three years ago when, with nickel at \$1.80 a lb, the company ran out of cash for the last time and Nonce was mothballed.

But with nickel prices above \$8 a lb there is renewed interest in coaxing Nonoc's 68m lb a year refinery back to

Tomorrow the Government's Asset Privatisatiou Trust (APT), will hold a second public tender for the refinery and operating rights. At the first tender on January 12 Mr Alan Bond, the Australian business man, offarad \$320m but provided less than the required deposit. The Philippines Gov-ernment took that as a signal that Mr Bon wanted to negoti-

ate a sale.
Then late in January, following a four day visit to the island, Mr William James, the chairman of Falconbridge of Canada, told Nonoc officials that he would try to convince his board to bid at the second

The interest does not, however, appear to have swept away market scepticism. Some market observers doubt that Nonoc will ever reopen, mainly because of the huge rehabilitaEstimates range from Non-oc's own figure of \$53m and Mr Bond's "over \$100m" to a staggering \$235m projected by the latest Falconbridge team. That team included engineers from Sherritt Gordon of Can-

half the battle potential inves-tors face, however. According to Mr Matheson, the executive director of Dallhold Nickel Management, the subsidiary of Mr Bond's family investment company that bid for Nonoc,

NONOC NICKEL PRODUCTION total output (tons 2.907

Nonon from 1974. The biggest problems result from corrosion that took hold even before the shut down. "Between 1980 and 1986 there was not enough money to do required maintainance," Mr Rodolfo Racolizado, the resident mine manager said. The APT's \$110,000-a-month "preservation budget" has been enough to maintain only the least easily replaced operating parts, APT execu-

tives say. Navertheless, the figures leap from the page. Assuming a nickel price of \$6 a lb (some \$2 below the current level) and that the main costs — coal, fuel oil, naphtha, ammonia and interest rates - remain at current levels, Nonoc would generate a \$200m annual

contribution towards capital Forecasting whether these assumptions will hold is only

ada, the co-designer of the plant which helped operate clarify some key factors. For clarify some key factors. For example will it extend a five year tax holiday which expired in December 1988 and will it guarantee availability of forsign exchange for raw material

imports?
There are also outstanding claims from Phibro and Marc Rich, two Nonce creditors when it was part of Marinda-que Mining Corporation, and a new claim by the former owner, Mr Jesus Cabarrus, that the government banks fore-closed illegally in 1983.

"The system of tendering appears to be totally inappropriate to dispose of an asset, with that kind of value in that kind of condition," Mr Matheson said explaining why Dallhold entered a qualified hid. Nonoc estimates that it has 49m tonnes of laterite ore reserves bearing 1.22 per cent nickel, enough to keep the refinery operating at design capacity for 16 years. It would

tion of sulphuric acid and of

vulcanised rubber. South Africa, accounting for

about 47 per cent of mine pro-duction, and the Soviet Union, 30 per cent, are the major pro-ducers of vanadium, mainly as

produce about 5 per cent of current world nickel output and 3 per cent of the world's cobalt.

The 60 hectare plant complex is one of three reflueries in the world using an ammonia leach process, but unlike Nicaro in Cuba and Queensland Nickel, a Dallhold-controlled company, Nonoc uses a hydrogen reduc tion process to purify the

Despite the huge costs Nonce is probably closer to restarting than at any time since it was mothballed. Its management argues, with some justification, that Nonoc was constantly plagued by had luck, undercapitalisation and political interference and that a fresh start would make it a great asset for an investor and the Philippines.

When Nonoc opened in 1974 the first Arab oil crisis, the previous year, had immediately tripled its expected energy costs. From that time it was constantly short of operat-ing cash, even in its best years between 1979-81, according to Cash flow deteriorated fur-

ther in 1983 when a sharp devaluation of the Philippine peso landed Nonoc with a \$31im foreign exchange loss. At the same time interest charges on a \$130m loan to convert the plant to coal power shot up after Nonoc was forced by then President Marcos to transfer its debts to the Philippine National Bank and the Development Bank of the Philippines. At times these

interest rates of 42 per cent.

Mr Lauro Perez, the APT's representative in Nonoc and the mine manager in 1963, believes Mr Marcos deliber-

believes Mr Marcos deliberately drove Nonce into bankruptcy in order to take over the country's only heavy industry not already in his control.

By March 1986 the strike over delayed psyment of wages that finally closed Nonoc came only weeks before the refinery would have ground to halt from lack of cash anyway.

"As a result we missed the \$11 nickel, the \$12 oil and by mid-1987 our estimates of the rehabilitation costs had risen to \$27m," says Mr Tony Ellar, Nonoc's process manager.

Judging by the number of visits to Nonoc, Bond and Falconbridge appear to be the most interested. However, the 79-year-old Mr Cabarrus revisited the refinery once with

79-year-old Mr Cabarrus revisited the refinery once with Chinese backers and two Korean consortia, neither of which have visited the plant, are believed to have an interest. Soviet interest appears to have evaporated since its nickel experts were refused access to the plant last November, appearedly for political ber, apparently for political

Meanwhile people in the now run down nearby town of Surigao are acutely aware that their silent refinery may remain silent. They seem to sense Nonoc management's fears that if the mine does not receive fresh capital this year then the rehabilitation costs may grow so much that it

# Chinese demand fuels surge in vanadium prices

By Kenneth Gooding, Mining Correspondent

the vanadium market last week as record prices failed to flush out enough metal. Vana-dium had already skyrocketted in the past year, driven by unexpectedly high demand and the virtual disappearance of supplies from China which until 1986 accounted for about 10 per cent of the non-Communist market.

The free market price of ferrovanadium, which two years ago was about \$12 a kilogram, moved above \$50 in the past week, according to traders. However, the panic was caused when the vanadium

pentoxide price touched \$11 a ib under pressure from con-sumers in western Europe, the Far East and the Soviet Union. was limited, though, because they buy most of their vanadium directly from producers at much lower prices.

But market conditions enabled Highveld Steel and Vanadium, part of the Anglo American Corporation of South

TRADERS SUGGEST an Africa and the largest individ-element of panic took hold of ual supplier, to lift its price for ual supplier, to lift its price for pentoxide for the first quarter of 1988 from \$4 a lb to \$4.50.

Vanadium is used in steel for pipelines, pressure vessels, bridges, highways, buildings and reinforcement bars as well as forgings and tools. It is the main alloy in titanium alloys used for high strength-high temperature applications in lysts are used in the produc-

CADMIUM: European free

a by-product of other metals, especially iron or uranium. Output therefore depends on the economic production of the main metals. Vanadium is also

recovered from tar sands and oil and dolomitic shales. The high level of economic WEEKLY METALS PRICES All prices as supplied by Metal Bulletin (last week's prices in brackets). 8.10-8.30 (8.30-8.50). 8.10-8.30 (8.30-8.50). COBALT: European free

ANTIMONY: European free market, 99.5 per cent, 3 per lb, in warehouse, 7.65-7.85 (same). ANTIMONY: European free MERCURY: European free market, min. 99.99 per cent, \$ BISMUTH: European free per 76 lb flask, in warehouse, market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 6.65-6.80 (same).

MOLYBDENUM: European free market, drummed molyb-dic oxide, \$ per lb Mo, in warehouse, 3.53-3.56 (3.50-3.53). exchange values SELENIUM: European free 14.15 (same).

activity in the industrialised countries played its part in the sharp rise in the vanadium price but Mr John Cox of wogen Resources, the London trader, suggests the most significant change in the market is that the Chinese steel industry is using much more of that country's vanadium, forcing it to become a net importer.

There have been rumours that the supply tightness is being exacerbated by High-

market, min 99.5 per cent, \$ per lb, -in warehouse/- 8:20-8:70

(8.95-9.15). TUNGSTEN ORE European

per cent, \$ per tonne unif (10 kg) WO, cif, 55-64 (same).

market, min. 98 per cent, VO, cif, 10.45-11.25 (10.09-10.95).

VANADIUM: European free

URANIUM: Nuexco

A continue of the

exchange value, \$ per lb, UO;

ever, Highveldt yesterday denied this was the case, and said its plants were operating at capacity. The current world shortage of vanadium stems from the year large increase in from the very large increase in consumption balanced against China's apparent failure to deliver according to expecta-tions," the company added. Shortages of vanadhma raw materials encouraged the Strategic Minerals Corporation (Stratcor) temporarily to reopen its Hot Springs mine in Arkansas last month but modernisation of the nearby processing plant — to cope with a wide variety of vanadhum-bearing materials — has not progressed as fast as expected.

resend as fast as expected. . In the longer term capacity including Kerr-McGee's operations in Idaho and Stracor's Propara joint venture in Venezuela, will ease the supply tightness: Mr Cox suggests vanadium prices will stay

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### market, min. 99.5 per cent, \$ per lb, in warehouse, ingots WORLD COMMODITIES PRICES

(2.000-2.125).

### LONDON MARKETS ZINC prices firmed on the London

Metal Exchange following Monday's retreat from recent highs. Merchant buying and a rally in copper lifted the market, which remains underpinned by supplies. The copper rally followed e sharp rise on Comex on rumours of a strike at the state-owned Enami. refinery in Chile. Aluminium prices also edged ahead on the back of closed ahead, but off the day's highs following profit-taking and chart-inspired sailing. Dealers said limited availability of nearby robusta coffee underplaced the market throughout a generally routine se The highs were reached after sterling's ate downturn and gains in New York. Cocoa prices continued downwards the ICCO talks last week.

SPCT MARKETS		
Crude of (per berrel FOB)		+ or -
Dubai Brent Blend W.T.I. (1 pm est)	\$13.89-8.97z \$16.25-6.35w \$17.10-7.15z	-0.45
Off products (NWE prompt delivery per to	onne CIF)	+ or -
Premium Gasoline Gas Oli Heavy Fuel Oli Naphths Petroleum Argus Estimates	\$184-196 \$141-142 \$72-74 \$159-161	-1
Other		+ or -
Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz) Palladium (per troy oz)	\$384.25 584c \$623.25 \$139.50	+7.25 +4.50
Aliminium (free martest) Copper (US Producer) Lead (US Producer) Nickal (free market) Tin (European free martest) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Printe Western)	£4375	-20 -3½ -40 +10 +0.02 +1.0
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	109.30p 140.28p 77.25p	+0.92" +0.84°
London daily sugar (rew) London daily sugar (white) Tate and Lyle export price		+2.5 -0.5
Barley (English leed) Malze (US No. 3 yellow) Wheat (US Dark Northern)	£113w £132.5w £124.95v	
Rubber (spot)♥ Rubber (Mer)♥ Rubber (Apr) ♥ Rubber (KL RSS No 1 Feb)	72.50p 73.00p	-0.25 +0.5
Goconut oil (Philippines)§ Palm Oil (Malayatan)§ Copra (Philippines)§ Soyobeans (US)	\$545u \$402.5q \$380 \$184	+25
Cotton "A" Index Wooltops (64s Ouper)	64.60c 665p	-0.10 +5
£ a tonne unless otherwise e-conts/lb. r-ringglt/kg. z- May, u-Mar/Apr. q-Apr/Jun	stated p-per Mer, w-Fab.	NGE/kg. V-Apr/

Commission average satatock prices.

change

	CHORB	Promous	HIGHLOW	
Mer	825	543	840 824	ᄍ
May	<b>5</b> 39	863	849 633	G
Jul	832	835	833 825	3
Sep	831 841	835	833 823	_
Mer	844	845 862	845 835 850 843	Co
May	850	860	858 852	Ce
				3
		438) lots of orions (SDF	in per tonne). Delty	81
price fo	er Jan 30	1114,84 (1	116.98):10 day aver-	G
age for	Jan 31: 1	1066.08 (107	8.44) .	3
			·	L
COFFE	E E/tonne			G
	Close	Previous	High/Low	3
Jan	1205	1190	1210 1198	PAR
Mar	1198	1185	1206 1188	Ca
May	1163 1148	1142 1123	1169 1160 1152 1139	3
Jiy Sep	1138	1125	1143 1137	_
Nov	1130	1115	1139 1127	7
Jan	1133	1115	1130 1127	Ç
Telephone	3477 12	535) lots of	S toones	3 :
ICO Inc	ticator pr	ices (US c	ents per pound) for	Zh
Jen 30	Comp.	dally 122.5	(121.98); . 15 day	G
	123.94 (		,,.	3
				-
SUGAL	(\$ per to	one)		
Raw	Close	Previous	High/Low	
Mar	232.60	216.00	232.60 252.00	
May	233.00	220.40	254.00 220.40	_
Aug	232.00	220,60	232.00 219.40	PC
Dec	231.00 229.00	219.00 217.00	231.00 219.40 215.00	
White				F
	Close	Previous	High/Low	Ap
Mar	267.50	280.00	288.00 275.50	M
Mey	277.50 277.50	270.00 268.50	277.50 268.50 272.50 267.50	No
Oct	270.00	261.60	262.00 251.00	Fe
Mer	285.00	255.00	255.00	Tu
May	262.00	254.00	252.00	_
Turnow	er: Plane	2689 (4034)	lots of 50 tonnes.	80
	237 (2675			_
Parts- 1	White (Fi	r per tonn	e): Mar 1790, May	F
1736, A	ug 1735,	Oct 1670, D	ec 1650, Mar 1545	A
				Ju
LOHOO	M METAL	EXCHANGE	TRADED OPTIONS	Ò
	um (98.75		alls Puts	Tu
		_	<del></del>	
	rice \$ to			F
2150		150	161 15 67	_
2250 2350		89 41	106 43 112 69 95 170	_
				Ja Fe
	(Grade A	<u> </u>	uls Puts	A
3000		275	233 20 152	Jir.
3200		137	144 83 259	-

February/March 1989 c and f Dundee BTC \$475, BWC \$485, BTD \$425, BWD \$435; c and f Antwerp BTC \$455, BWC \$445, BWD \$400, BTD \$410.
COTTOM  Liverpool-Spot and shipment sales for the week ended January ZZ amounted to 322 tonnes against 779 tonnes in the previous week. Buying was Irregular. Slow trading persisted in Sudanese goods.

Close	Previous	High/Low	AM Official	Kerb close	Open Interest
99.7% purky	(\$ per tonce)			Filing turne	ver 12,475 tonn
2265-90 2260-4	2275-80 2252-5	2266 2265/2225	2265-6 2245-60	2265-60	25,401 lots
ade A (£ per l	tonne)			Ring turns	wer 01,400 tons
1903-5 1808-9	1882-4 1803-4	1873/1868 1814/1778	1873-6 1780-2	1813-4	64,740 lots
cents/fine our	ice)			File	g turnover 0 or
679-82 892-6	579-82 592-5		581-4 694-7		369 lots
tonne)				Ring turns	wer 10,065 tonn
371-2 372.5-3	375-6 379-9.5	372/368 378/370	387.5-8 371-1.5	375-8	9,696 lots
r tonne)				Ring turn	over 2,586 tons
17900-8000 17850-800	17500-800 17700-50	17800/17750 17950/17260	17700-50 17650-700	17800-50	5,824 lots
al High Grade	(\$ per tonne)			Ring turn	over 3,475 toon
1910-20 1853-60	1865-75 1800-5	1675/1870 1800/1855	1875-80 1815-6	1500-75	3,584 lots
tonne)				Ring turns	war 10,775 tonn
1825-30 1780-2	1795-500 1750-5	1800/1785	1782-5 1740-5	1795-600	11.965 lots
	99.7% purity 2283-90 2260-4 ade A (2 per l 1903-5 1808-9 6678-62 882-6 tonne) 371-2 372.5-3 ir tonne) 17900-8000 ni High Grade 1970-20 1853-80 tonne)	29.7% purity (\$ per tonoo) 2285-90 2275-90 2269-4 2252-5 ade A (£ per tonne) 1903-5 1882-4 1803-4 1803-4 1803-4 1803-4 1803-4 1803-4 1803-4 1803-6 18	99.7% purity (3 per tonne)  2265-90 2275-80 2268 2280-4 2252-5 2265/2225  ade A (2 per tonne)  1993-5 1892-4 1873/1868 1808-9 1803-4 1814/1778  ents./filine ounce)  579-92 579-92 582-5 592-3  tonne)  371-2 375-6 372/368 372.5-3 379-9.5 378/370  er tonne)  17800-8000 17600-800 17800/17750  ei High Grade (3 per tonne)  1990-20 1885-75 1875/1870 1855-60 1800-5 1800/1855	99.7% purity (\$ per tonne)  2265-80 2275-80 2268 2265-6  2269-4 2252-5 2265/2225 2245-60  side A (£ per tonne)  1903-5 1892-4 1873/1868 1873-6 1808-9 1803-4 1814/1778 1780-2  sents/fine ounce)  579-92 579-92 581-4 592-5 592-5 594-7  tonne)  371-2 375-6 372/365 367.5-8 372.5-3 379-9.5 378/370 371-1.5  ir tonne)  17800-8000 17600-800 17800/17750 17700-50 17850-8000 17700-60 17950/17250 17650-700  ai High Grade (\$ per tonne)  1910-20 1865-75 1675/1870 1875-80 1855-60 1800-5 1800/1855 1615-6	99.7% purity (\$ per tonoo)  2265-90  2275-80  2266  2280-4  2252-5  2265/2225  2245-60  2265-

POTAT	DES £/100	ne		LORDON BI	HLK	N MARIO	ST .	
	Close	Previous	High/Low	Gold (fine oz	3 S pr	ice	trelaviupe 3	_
Feb Apr May Nov Feb Turnov	50.0 70.2 81.0 86.0 96.0	89.0 79.4 87.0	50.0 48.0 71.9 69.0 82.0 79.5 85.9 98.0 0 tonnes.	Close Opening Morning fix Atternoon fix Ony's high Day's low	394. 394. 394. 395-		224 <sup>1</sup> 2-225 222 <sup>1</sup> 4-224 <sup>1</sup> 4 224.374 224.374	
BOYAR	EAN MEA	L E/tonne		Coins	\$ pr	ice	£nelgyinpe 2	_
	Close	Previous	High/Low	Mapleleaf	405-	410	231-234	_
		185.50  lots of 20 E3 \$10/Inde		Britannia US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat	32-4	410 410	231-234 231-234 231-234 224-236 52 <sup>1</sup> 4-53 <sup>1</sup> 2 52 <sup>1</sup> 4-53 <sup>1</sup> 2 289.25-304.25	
	Close	Previous	High/Low	- ====				_
Jan	1824	1625	1624	Silver ils	P/fin	e 07	US cts equiv	
Feb Apr Jul Oct San	1576 1010 1425 1563 1565 1010	1580 1610 1430 1580 1570 1619	1592 1572 1630 1613 1445 1425 1570 1650 1576 1560	Spot . 3 months 6 months 12 months	331, 342, 353, 373,	45 05	594.75 598.40 612.85 642.25	
	er 565 (54			- CRUDE OIL S	/barr	<del></del>		-
umove	H 300 (54	3)			Close	Previo	us High/Low	-
GRAINS	Ellenne			Mar	16.91	15.98	16.11 15.85	-
Wheel	Close	Previous	High/Low	Apr	15.65 15.97	15.55 16.32	15.77 15.55	
May May Am Sep	112.60 116.30 116.00 102.35	111.45 115.16 1 <i>16.8</i> 5 102.70	112.65 111.65 116.40 116.00 116.00 117.00 102.50 102.35	Turnover: 43	31 (32	305).		
Nov	104.50	105.10	104.90 104.55	GAS Off. \$700	AJE10			
lagn (	108.30	108.50	108.30 105.00	Clo	98	Previous	High/Low	_
Burley	Close	Previous	High/Low	Feb 144 Mar 142		145.00 142.50	148.50 143.75 143.50 141.50	
Mer	110,00	108.00	110.00 107,90	Apr 138.		138.75	139.75 138.00	
May	111.70	110.05	111.70 109,90	May 135,		136.00	137.25 135.50	
Sep	99.60	99.25	98.80	Jun 134.		134.00	135.75 133.60	
Nov.	102.40	102.75	102.40	Jul 133. 135 - Aug 135		133.00	135.60 133.60 185.75	
		337 (355) , 100 tennes.	Barley 108 (67) .	Turnover 507		BB) lots of	<del></del>	-

### **US MARKETS**

HEAVY TRADE and local selling

prompted by a strong deliar and lower crude oil, sent most of the metals lower, reports Drexel Burnham along with fund selling were featured in a sideways copper market. In the softs, sugar futures rose sharply on reports of crop damage from a per storm. March sugar gained over 70 points as trade huying elected stops to fuel the rally. Volume prices fell with speculative sellers seen throughout the day. Rumors of changes in Brazila export personnal weakened the coffee market. The grain expectation in the Argentine soy crop and tavourable US weather helped strengthen the soy complex. Maize and trading. The meat markets all posted higher prices due mostly to expectations that the out of town torage report will be favour Cattle futures gained an follow through buying from yesterdays firm ca markets. The snergy markets were lower on steady trade selling

### New York

46	_	OIR		
30LD	100 troy	oz.; S/troy o	2	
	Close	Previous	High/Low	
Feb	391,5	395.3	395.2	389.5
Her	398.5	397.3	0	0
Apr	395.8	309.6	400.5	393.1
tun	400.8	404.7	405.5	398.0
Aug Oct	406.2 411.5	410.2 416.7	410.6	404.1 410.2
Dec	417.1	421.2	422.0	415.0
-	391.6	395.3	398.2	360.5
Apr	428.3	432.4	.0	0
LATI	NGM 50 to	by oz; \$/tro	y oz	· · · ·
٠.	Close	Previous	High/Low	
eb.	516.0	518.8	0	0
Vier	516.5	. 619.3	5	8
Apr	517,5	820.3	525.5	\$14.5
laid.	017.0	. 519.8	524.4	513.5
Oct	517.5	620.5	524.5	\$16.5
ieu	518.5 521.5	521.5 524.5	<b>5</b> .	0
Apr				
SELVE		oy oz; cent	_	<u> </u>
	Cicse	Previous	High/Lon	
Feb	679,2	683.2	577.0	577.0
Mer	563,5	557.5	582.0	578.5
Apr	588,5	<u> </u>	0 .	0
May	593,4 603,6	597.5 607.0	612.0	500.0
Бео	613.7	518.1	621.0	610.0
Dec	828.7	633.1	637.5	625.0
Jen	632.7	637.1	0	0
Mer	643.7	646.1	662.0	64510
May	654.8	668.7	661.6	861.0
THO	CER			· 1
HEU	TERR (Be	ec: Septemi	per 18 1931	= 100)
	Jen 3	Jan 27	moth ego	yr ago
	1975.9		1976.1	1768.5
DOW	JONES (	Buse: Dec.		100)
Spot	137.80		143.01	128.99
	06 141,41	141.78	145.35	132.16
				6

	Cic	Oraniona			Ch	175			
	Close	Provious	. High/Lov		BOYAL		00 bu min: o	onta/60th /u	shel.
ob .	144,40	143.95	146,60	146.50	57		Previous		-
lar '	142,90 137,70	· 142.45	146,30	140.05		Close		High/Low	
pr lay	132.60	132.90	134.00	181.00	Mar.	772/6	760/4	774/0	785/0
4	128,50	127.30	128.50	125.70	May	784/4	771/6 -	786/0	777/0
BP	122,10	122.90	123.80	121.00	Jul Aug	782/4 788/2	781/2 779/0	793/0 789/0	786/4
ec_	117.85	118.50	119.50	117.80	Sep	783/4	757/0 -	756/0	784/0
AUD)	E OK. IL	ht) 42,000 l	US cells S	berrei	Nov	747/2	740/6	749/4	743/4
<del>-</del>					Jan	755/0	747/0	756/0	750/0
	Latest	Previous	High/Lov	, .	Mar _	760/0	754D	702/0	758/0
ler	17.11	17.29	17.50	16.96	SOYA	MEAN CIL	60,000 lbs: c	ents/lb	7
pr lety	16.48	16.81 16.59 .	17.03	16.65		Close			- 1.
	16.53	16.40	16.79	16.23			Previous.	High/Low	
	16.77	16.24	16.35	16.04	Mer .	21.93	.21.37	21.95	21.45
ug	16.00	16.11	16:26	15.96	May	22.44	21.80	22.45	21.95
œ	10.01	16.04	16.10	16,00	Aug	22.95 23.15	22.43 22.61	22.98	22.50
ct	16.14	16.00	16.14	18.14	Sep	20.40	22.77	23.15	23.10
OV	16.00	15.97	16.00	16.00	Oct	23.50	28.05	23.50	23.32
<b>e</b> C	15.90	15.94	16.15.	. 15.90	Dec	23.75	28.35	23.80	23.45
7,11	NG OIL 4	2,000 US ga	ills, cents/	JS galla	Jan	23.77	23.50	23.75	23.80
	Letest	Previous	High/Lo		- SOYA	BEAN ME	AL 100 totte;	8/ton - · ·	
er	4945	5004	<u> </u>	4001		Close			
pr	4715	4752	5060 ···	4005	·		Previous	FlightLow	
-	4505	4512	4505	4450	Mar	249.5	247.8	250.3	248.0
m	4390	4397	4400 .	4360	May	247.9	244.9	248.3	246.0
	4336	4347.	4418	4990 :	Jul	245.7	242.4	243.0	244.0
9D .	4400 4480	4392	4460 .	4400 :-	Sep	238.5	236.0	243-0	241.5
BC BD	4640	4052	4640	4460	Oct	231.0	229.5	231.6	229.6
				4640	Dec	228.7	227.0	220.5	227.0
UCO	A 10 tons	es:\$/tonnei			Jan	229.0	226.1	250.0	220.0
	Close	Previous	High/Loy	,	MALZ	5,008 bu	min; cents/6	Otb bushel	
er	1446	1456	1453	1428	. ——	Glose	Previous	High/Low	<del>-</del>
ev.	1401	1417	1413	1383					
ď	1372	1366	1385	1362	Mar	274/6	271/0	275/0	272/0
<b>SP</b>	1363	1375	1360	1860	May -	281/4	277/4	281/6	278/4
0	1351	1383	1450	1342		278/4	281/6 273/6	266/0 260/4	202/4
<b>e</b> r	1367	1365 .	1360	1300	Deb	2794	272/4	279/8	275/0
ey.	_ 1572	1380	0	0	Deb	200/0	270/6	286/0	279/0
OFF	E 'C' 87	,500lbe; cer	ma/libe						
	Close	Previous	High/Lov		WHEA	4,000 bu	minc center	SOID-bushel	
er	132.84	136.01	187.85	132.63		. Close	- Previous.	High/Low	
ay '	125.50	133.36	134.60	120.00	Mer	440/4	487/2	445/0	438/0
al -	120,87	131.20	132.90	126.50	Men/	435/0	430/0	4864	43044
<b>e</b> p .	126.00	130.25	131.00	128-00	- 11	414/6	400/0	41500	409/4
61. 60	124.00	129.75	130.60	128,00	- Dec	420/4	424/4	42014	410/0
7	122,50	126.36	0 :	9-3	Mar .				
-						455345	ACREA .		425/4
104	-		70 U			482/0	425/4	432/0	432/0
JOA		*H1" 172,0		day light			425/4 ,000 lbs; cen	432/0	
VQA	R WORLE Close		High/Loi	day light			,000 lbs; cen	422/0 10/lba	
	* 10.49	Previous 9.75	High/Los	inflati	LWE	Close	Printous	432() to/lbe 190h/Low	432/0
	10.49 10.57	Previous 9.75	10.50 **	9.84 9.85	Feb	Close 74.72	Previous 74.36	432() Mylbe High/Low 74.67	432/0
	10.49 10.57 10.22	Previous 9.75 9.77 9.72	10.50 10.40	9.84 9.85 9.80	Feb Apr	Gloss 74.72 76.42 75.46	Printous	432() to/lbe 190h/Low	432/0 74.15 76.02
	10.49 10.57 10.22 10.15	9.75 9.77 9.77 9.72 9.66	10.50 10.46 10.45 10.22	9.84 9.85	Feb Apr	74.72 76.42 75.46 72.92	74.35 76.22 75.36	43270 High/Low 74.67 70.85 .25.67 /73.15	432/0
	10.49 10.57 10.22 10.15 9.70	9.75 9.77 9.72 9.66 9.20 9.46	10.50 10.40	9.84 9.85 9.80	Feb Apr Jun Aug Sep	74.72 76.42 76.42 75.46 72.92 72.25	74.36 76.22 75.36 77.00	43270 High/Low 74.67 76.65 -75.67 //3.15 -72.25	74.15 76.02 75.10 72.60
	10.49 10.57 10.22 10.15 8.70	9.75 9.77 9.72 9.66 9.20	10.50 *** 10.46 *** 10.32 *** 16.15	9.84 9.85 9.80	Feb Apr Aug Sep Oct	74.72 76.42 75.46 72.92 72.92 71.00	74.36 76.22 75.36 772.70 772.70 772.70	43270 1981/Low 74.97 70.85 -75.67 -73.15 -72.25 72.10	74.15 76.02 75.19 72.60 71,50
	10.49 10.57 10.22 10.15 9.70 9.90 9.80	Previous 9.75 9.77 9.72 9.65 9.20 9.46 9.30	10.50 10.46 10.46 10.32 10.15 0	9.84 9.85 9.80 9.75 0	Feb Apr Aug Sep Oct	74.72 76.42 75.45 72.92 72.55 71.00 73.02	74.35 76.22 75.36 77.35 76.22 75.36 77.70 72.00 71.70 72.80	48210 1981/Low 74.61 75.67 75.15 72.10 73.40	74.15 76.02 75.10 72.60
er ey et et er	Citose 10.49 10.57 10.22 10.15 9.70 9.90 9.80	9.75 9.75 9.75 9.72 9.85 9.86 9.86 9.86 9.46 9.30	10.50 10.46 10.45 10.32 16.15 0 9.16	9.84 9.85 9.80 9.75 0	Feb Apr Aug Sep Oct	74.72 76.42 75.45 72.92 72.55 71.00 73.02	74.36 76.22 75.36 772.70 772.70 772.70	48210 1981/Low 74.61 75.67 75.15 72.10 73.40	74.15 76.02 75.19 72.60 71,50
	Close 10.49 10.57 10.22 10.15 9.70 9.80 9.80 Close	9.75 9.75 9.75 9.72 9.85 9.86 9.86 9.86 9.46 9.30	10.50 10.46 10.46 10.32 10.15 0	9.84 9.85 9.80 9.75 0	Feb Apr Aug Sep Oct	74.72 76.42 75.45 72.92 72.55 71.00 73.02	Previous 74.35 76.22 76.25 77.20 72.00 71.70 72.00 00 th; center	48210 1981vLow 74.07 70.06 75.07 773.15 72.10 73.40	74.15 76.02 75.19 72.60 71,50
er et et er er	10.49 10.57 10.52 10.15 9.50 9.50 004 50,000 Close	9"1" 112.0 Previous 9.75 9.77 9.72 9.06 9.20 9.46 9.30 Previous 59.68	10.80 10.40	9.84 9.85 9.85 9.75 0 0 0	Feb Apr Aug Sep Oct Dec	Cices 74.72 76.42 76.42 75.45 72.92 72.95 71.00 73.02 PGS 30.0	,000 lbs; centers 74.35 76.25 75.36 72.70 72.00 71.70 72.00 00 lb; centers	48210 1981/Low 74.65 75.67 75.15 72.25 72.10 73.40 bs	74.15 76.02 75.19 72.50 71.50 72.70
er er er er	Close 10.49 10.57 10.22 10.15 9.70 9.90 9.80 Close 59.78 60.20	Previous 9.75 9.77 9.72 9.86 9.20 9.46 9.30 Previous Sa.68 68.23	10.50 10.50 10.65	9.84 9.85 9.85 9.75 9.20 0	Feb Apr Aug Sep Oct Dec	Close 43.66	74.55 76.52 75.36 72.70 72.00 72.00 72.00 72.00 72.00 72.00 72.00 72.00 72.00 72.00 72.00	48210 1981/Low 74.67 70.65 -75.67 /73.15 -72.25 72.10 73.40 bs 1481/Low 49.67	74.15 76.02 75.19 72.50 71.50 72.70
er er er er	10.49 10.57 10.22 10.52 10.22 10.22 8.50 8.50 Close 50.78 60.20 69.00	Previous 9.75 9.77 9.72 9.86 9.20 9.46 9.30 Previous Sa.68 68.23	High/Los 10.50 10.40 10.40 10.15 0 2.86 0 19gh/Los 60.05 60.05	9.84 9.85 9.85 9.75 9.20 9.40 0	Feb Apr Jun Aug Sep Dec LIVE &	Close 43.26 43.47 48.15	Previous 74.35 76.22 75.36 72.79 72.00 71.70 72.80 00 the center Previous 42.80 42.85 47.35	45270 1901/Low 74.67 70.65 -75.67 773.15 72.10 73.40 1501/Low 49.67 49.67 49.67	74.15 76.02 75.19 72.50 71.50 72.70
er ey er er er er	Close 10.49 10.57 10.22 10.15 9.70 9.90 9.80 Close 59.78 60.20	9-11" 112.0 Previous 9.75 9.77 9.75 9.85 9.30 9.46 9.30 Previous 50.63 80.82 80.82 80.83	10.50 10.46 10.46 10.45 10.15 0 9.16 0 1760/Lou 60.05 60.05 60.05	9.84 9.85 9.85 9.50 9.75 0 9.40 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Feb Apr Aug Sep Oct Dec LIVE 6	Close 43.26 43.47 48.15	74.95 74.95 74.95 74.95 75.35 72.29 72.09 71.70 72.00 00 lb; cente/ Previous 42.85 47.82	4520 1991/Low 74.97 70.85 75.67 73.15 72.10 73.40 1491/Low 43.55 40.27 48.42	432/0 74.15 76.00 75.19 72.70 72.70 42.82 42.82 42.82 42.82 42.82
er er er er er er er	Close 10.49 10.57 10.25 10.15 2.70 2.98 2.80 Close 50.78 60.20 50.90 50.46 60.68	9"11" 112.0 Previous 9.75 9.77 2.72 9.65 9.20 9.46 9.30 \$ cents/be Previous 50.63 80.62 50.63 50.40	10.50 10.46 10.46 10.45 10.15 0 9.16 0 1760/Lou 60.05 60.05 60.05	9.84 9.85 9.86 9.80 9.75 9.80 9.80 9.80 9.80 9.80 9.80 9.80 9.80	Feb Apr Aug Sep Oct Dec LIVE 6	ATTLE 40 Closes 74,72 76,42 76,42 77,36 77,30 73,02 73,02 43,47 44,15 44,20	74.95 74.95 74.95 75.22 75.35 72.70 72.00 71.70 72.00 00 lb; cards/ Previous 42.85 47.35 46.85	4320 189M.ow 74.67 70.65 -75.67 72.15 -72.25 72.10 73.40 165 149M.ow 43.67 43.67 43.67 44.65 44.27 47.42	432/0 74.15 76.00 77.50 0 77.50 77.70 42.70 42.77 47.46 46.70
er er er er er er er	Close 10.49 10.57 10.25 10.15 2.70 2.98 2.80 Close 50.78 60.20 50.90 50.46 60.66	9-11" 112.0 Previous 9.75 9.77 2.72 9.65 9.20 9.46 9.30 Previous 50.65 60.93 6	10.50 10.45 10.45 10.45 16.15 0 9.56 0 9.55 60.55 60.55 60.55	9.84 9.85 9.80 9.75 9.80 0 9.40 0 50.25 60.20 58.40 58.20	Feb Apr July Sep Oct LIVE & Feb Apr July Sep Oct LIVE & Feb Apr July Sep Oct Dec	ATTLE 40 Close 74.72 76.42 76.46 72.92 73.09 73.09 Close 43.46 43.47 46.15 46.20 45.90 45.70	74.95 74.95 74.95 75.22 75.35 72.70 72.00 71.70 72.00 00 lb; cards/ Previous 42.85 47.35 46.85	4520 199h/Low 74.69 78.65 75.67 72.16 72.10 73.40 149h/Low 45.57 45.55 45.57 45.57 45.40 45.57 46.42 46.42 44.16	452/0 74.18 75.19 72.50 77.50 72.70 42.77 47.45 44.76 44.76 44.76
er er y OTT(	Close 10.49 10.57 10.25 10.15 9.70 8.80 Close 50.78 60.20 60.66 60.66 60.66 60.70	9"11" 112.0 Previous 9.75 9.77 2.72 9.65 9.20 9.46 9.20 \$ centurbs Previous 50.93 50.92 50.82 50.82 50.80 66.80	10.80 10.80	9.85 9.85 9.85 9.75 0 9.80 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Feb Apr Aug Sep Oct - Dec LIME 8	ATTLE 40 Closes 74.72 76.42 76.42 77.86 77.99 72.86 71.00 Closes 43.47 44.15 48.20 47.20 48.37	74.35 74.35 76.22 75.35 72.09 72.09 72.09 72.00 00 lbr center Previous 42.85 47.35 47.35 47.35 48.45 48.45	4520 1931/Low 74.97 74.97 75.67 75.67 72.15 72.10 75.40 1591/Low 43.67 43.65 43.67 43.65 44.42 44.10 45.00	432/0 74.18 75.00 77.50 77.50 77.50 42.77 47.46 46.70 44.50
er er er er er er er er er er er er	Close 10.49 10.57 10.25 10.15 9.70 10.58 9.70 10.50 9.70 10.60 60.60 60.66 60.46 60.70	9"11" 112.0 Previous 9.75 9.77 9.72 9.05 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.40 9.40 9.40 9.40 9.40 9.40 9.40 9.4	High/Loss 10.90 ** 10.46 ** 10.15 0 9.48 0 10.05 00.05 00.05 00.05 10.05	9.84 9.85 9.85 9.82 9.75 0 9.80 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Feb Apr Aug Sep Oct LIME 8 Feb Apr Jun 341 Aug Cot	ATTLE 40 Gloss 74.72 76.42 76.42 76.42 77.36 73.02 73.02 Gloss 40.36 43.47 48.15 48.20 47.20 48.77 48.77	74.95 74.95 74.95 75.22 75.35 72.70 72.00 71.70 72.00 00 lb; cantal Previous 42.85 47.85 46.65 43.65 46.40	4520 1991/Low 74.97 70.85 75.67 73.15 72.10 73.40 1491/Low 43.55 48.42 47.42 44.40 45.90 46.70	432/0 74.18 75.00 71.50 71.50 72.70 42.70 44.40 44.40 44.40 44.60 44.60 44.60 44.60
er er er er er er er er er er er er	Close 10.49 10.57 10.25 10.15 9.70 8.80 Close 50.78 60.20 60.66 60.66 60.66 60.70	9"11" 112.0 Previous 9.75 9.77 9.72 9.05 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.46 9.30 9.40 9.40 9.40 9.40 9.40 9.40 9.40 9.4	10.80 10.80	9.84 9.85 9.85 9.82 9.75 0 9.80 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Feb Apr July Pork	ATTLE 40 Gloss 74,72 76,42 76,42 72,92 72,92 73,02 73,02 Gloss 30,0 Gloss 43,46 48,15 48,20 48,36 47,30 48,90 48,77 46,70	74.35 76.22 76.22 76.22 77.35 72.00 72.00 72.00 72.00 72.00 90 lbr center Previous 42.80 42.85 47.35 47.82 48.65 48.65 48.40	4320 180h/Low 74.50 70.65 75.67 72.15 72.10 73.40 15 140h/Low 43.57 43.55 43.55 44.40 44.10 45.90 46.70	432/0 74.18 75.00 71.50 71.50 71.50 71.50 42.60 44.60 46.60
er dy dy ct in er er ay de de er er	Close 10.49 10.57 10.22 10.15 8-70 8-80 Close 60.65 60.46	Previous 9.75 9.77 9.72 9.85 9.20 9.46 9.30 conts/fibe Previous 59.58 69.93 59.40 55.40 55.40 55.40 55.40 55.40 55.40 55.40 56.50 E 15.000 lbs.	10.80 10.80 10.80 10.80 10.80 10.82 16.15 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	9.84 9.85 9.85 9.80 9.75 0 9.80 0 9.40 60.20 60.20 60.20 60.20 60.20 60.20 60.20	Feb Apr July Pork	ATTLE 40 Gloss 74,72 76,42 76,42 72,92 72,92 73,02 73,02 Gloss 30,0 Gloss 43,46 48,15 48,20 48,36 47,30 48,90 48,77 46,70	74.35 76.22 76.22 76.22 77.35 72.00 72.00 72.00 72.00 72.00 90 lbr center Previous 42.80 42.85 47.35 47.82 48.65 48.65 48.40	4320 180h/Low 74.50 70.65 75.67 72.15 72.10 73.40 15 140h/Low 43.57 43.55 43.55 44.40 44.10 45.90 46.70	432/0 74.18 75.00 71.50 71.50 71.50 71.50 42.60 44.60 46.60
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er ay orrow	Close 10.49 10.57 10.22 10.15 2.70 2.98 9.50 Close 60.20 60.66 60.20 60.66 60.70 Close 140.40 130.40	9"1" 172.0 Previous 9.75 9.77 2.72 9.65 9.20 9.46 9.30 Previous 59.68 68.93 59.49 55.40 55.40 56.60 E 15.000 lbs. Previous 141.00 139.85	10.50 10.50 10.60	9.84 9.85 9.85 9.80 9.75 0 9.80 0 9.40 0 9.45 58.90 58.90 58.90 9.45 9.45 9.45 9.45 9.45 9.45 9.45 9.45	Fub. Apr. Aug. Oct. Dec. Pork.	ATTLE 40 Glown Glown 74,72 76,42 76,42 76,42 77,90 72,92 72,92 73,02 008 30,00 Close 40,16 40,16 40,16 40,17 40,10	Previous 74.35 76.22 15.35 77.20 72.00 72.70 72.80 00 Br, center/ Previous 42.85 47.35 47.82 48.46 48.46 48.40 40.000 Brs, center/ 90.75	45210 High/Low FRAT 78.85 -75.67 77.35 -72.25 72.10 -73.40	24.16 76.00 77.00 0 71.00 0 71.00 42.07 44.00 46.00 46.00
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### **LONDON STOCK EXCHANGE**

# Signs of strain in the rising market

THE UK equity market closed higher yesterday for its minth gam out of the past ten trading sessions, although signs of strain in the trading arena became more prominent in the form of increasing volatility in prices and renewed hints of pressures at securities firms. Some of the London securities groups which recently restricted share hargain sizes books. The FT-SE index gained to non-institutional clients more than 26 points by mid-have found trading more diffi-cult as the market has surged

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The UK institutions again made forays into the market. hut share prices were also spurred shead by a lack of stock on market makers'

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king price on the FT-SE index January option. The Footsie Index then felt off sharply, losing ground as Wall Street opened lower. Also unsettling London market sentiment nervous of rights issues at home, was the news of a fund raising in the German market by Deutsche Bank

At the close, the FT-SE Index was still 8.9 up at 2051.8, after moving between 2069.4 and 2044.2. This represented a fur-ther cut into the 250 point fall suffered on Black Monday in October 1987, but leaves the pre-Crash close of 2301.9 still esenting a formidable citadel on the horizon.

Seaq turnover of 895.6m shares, which includes both intra-market and retail busis, compared with 1.1bn on Monday. Daily equity retail business by value reached 22.2bn on Friday, the latest session for which statistics are available, and a level not seen since the Crash. Many market specialists

believe equities are now "over-

bought", and the recent volatility in share prices indicates the nervousness of traders and their readiness to back away. Many UK investment institutions, which were as much as 12 per cent liquid at the turn of the year, came relatively late to the recent upturn in equities and are believed to have found difficulty in huying stock

steadily rising market. Suggestions of staff layoffs at a major marketmaker unscathed to date joined hints

against the background of a

of similar problems elsewhere earlier this week. Some big major firms which have reduced bargain sizes to fellow market traders are now finding it hard to pass on their institutional trades.

While most of the blue chips held on to at least a part of the gains scored early in yesterday's session, the rest of the market began to look ragged towards the end of the day. Speculative situations played a less active role, with the notea-ble exception of the paper and printing sector, where Reed International moved ahead on renewed hints of a management buy-out or a consortium

FINANCIAL TIMES STOCK INDICES Since Compilation Jan. 31 27 26 25 Ago High Low High Low 91.43 95,18 88.43 88.78 88.39 88.53 127.4 (18/4/88) (14/12/88) (9/1/35)(8/1/75) 97.09 97.12 97.25 97.03 98.67 94.14 105.4 50.53 (8/1/88) (28/11/47) (3/1/75) 1638.9 1601.3 Ordinary 1580.8 1420.1 (30/1/89) (8/2/88) (16/7/87) (26/6/40) Gold Mines 160 7 734 7 170.6 173.9 173.2 171.0 267.3 312.5 (3/1/99) (15/2/83) (26/10/71)

TRADING VOLUME IN MAJOR STOCKS

1.500 633 533 2.000 4.500 2.175 3.400 2.175 3.400 2.000 3.400 3.400 4.200 7.442 2.000 7.442 2.000 4.200 6.1

Ord. Ol. Yield Earning Yld %(full) P/E Ratio(Nett)(±) SEAQ Bargains(5pm) Equity Turnover(£m)† Equity Bargains† Shares (milt) 4.64 11.65 10.37 39.241 1948.92 41,020 4.49 11.23 4.39 11.09 11.50 10.55 33,773 1532.25 11,01 11.06 10.96 10.81 50,982 2229.66 11.01 49,963 2226.30 61,587 949.4 52,787 36,425 Ordinary Share Index, Hourly changes

Opening 010 am 011 am 012 pm 01 pm 02 pm 03 pm 04 pm 1688.4 1678.8 1687.1 1679.2 1678.7 1680.3 1681.3 1672.8 DAY'S HIGH 1689.3 DAY'S LOW 1667.6 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, 4:NB 10.95 †Excluding Int

Stock (00% | Price closure (00

advised its clients to switch

good market in the shares of

Melbourne.

S.E. ACTIVITY Jan.30 Jan.2 indices Gilt Edged Bargains 120.4 131.3 Equity Bargains 399.06 342.0 5-Day average Gilt Edged Bargains 118.7 118.3 Equity Bargains 295.3 262.7 Share Index: Tel. 0898 123001

## Sentiment against Ferranti

Ferranti stole the honours in a relatively listless electronics and defence arena with the shares badly affected by a a major "sell" recommendation issued by Kleinwort Benson, and at least two other downgradings - one from County NatWest and the other from UBS Phillips and Drew.
It was the Kleinwort Benson

sell note, by Christopher Tucker, that did the real dan-age, dealers said. Ferranti shares were sold down hard to around the 100p mark; before ending a difficult day a net 4 off at 101p with turnover coming out at 6.3m.

Mr. Tucker says. The market has been consistently too optimistic about some of the long-term developments such as CT2 (cordless telephone) and has paid little regard to the underlying fundamentals. He adds: "With a stretched halance sheet and the prospect of very little growth over thenext two years, the shares look overvalued. We see little justification for the bid premium and believe the stock deserves

a below average rating."
County NatWest downgraded the stock from a "buy" to a "hold"; "in the light of the additional costs Ferranti will incur during the development of its CT2 operation, we are reducing our pre-tax forecasts to £93m for 1988-9 and £108m for 1989/90 (previously £100m. and £115m respectively).

### Northern Foods

Food stocks were actively traded throughout the day, buoyed by confirmation that had sold its 3.3 per cent stake in Northern Foods, the milk and diary producer based in Hull. The 7.3m shares were placed with a number of institutions at 306p, and by the close Hazlewood were 9 better at 255p and Northern a halfpenny firmer at 311p on turnover of 17m shares.

Dealers said that the deal

appeared to be good news for NEW HIGHS AND LOWS FOR 1988/89 probably removes what bid probably removes what bid premium there was from the sustained from the sustained

Planning

director

at Boots

THE BOOTS COMPANY\_ has appointed Mr Martin W.

Bryant to the new position of director of strategic

planning. He joins from

corporate development

resignation of Mr Keith

M Mr Michael Rosen has been

appointed finance director of C.T. BOWRING

REINSURANCE following the

Mr Jerry Guidman has become managing director of INFORMIX SOFTWARE.

Former managing director Mr Ken Coulter is now leading the European operation and assumes responsibility for the

company's subsidiaries.

■ VARITY CORPORATION

has appointed Mr J.A. Gilroy

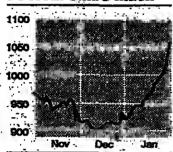
group vice president in charge

director.

No. of the

TO THE

### FT-A All-Share Index



remarked the dealer, and the stock looked a good long-term investment. Hazlewood, which was said to have once har-boured thoughts of a bid for-Northern, reported that it had made a "small profit" from the

### Rank unshaken

News emanating from Connecticut USA that Xerox, the US group which provides Rank Organisation with a substan-tial part of its profits in excess of £150m last year - is making a \$270m provision for re-organisation and restructuring, caused a tremor in the UK company's share price. How-ever, Rank closed a net 8 higher at 837p. Turnover in Rank stock totalled just over 3m shares, continuing the high levels of recent days.

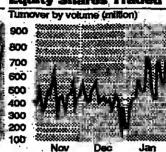
London-based analysts took relaxed view of the Xerox news . "The impact on Rank will, at the very worst, come out at \$15m, below the line. Whilst it is not good news, it is not too much to worry about" said one. After the recent splendid performance by Rank stock we will probably now see some consolidation."

Last week Rank unveiled

els during a busy afternoon session. "The sector is now looking very tired, it's gone too far, too quickly; perhaps the forthcoming preliminary figures will bring us some good news," was the comment from one trader in the sector.

Midland, one of last week's best performers, came under prefit-taking pressure and els dur

### **Equity Shares Traded**



closed 5 down at 464p on turnover of 2.9m. Barclays edged up 3 more to 472p, Lloyds the same amount to 376p and Nat-West, shrugging aside the recent spate of bad publicity on its investment banking activi-

ties, raced up 10 to 599p.
Profit-taking lowered TSB
1% to 123%p. Merchant banks, among the market's strongest performers on Monday, made further early progress, before coming off their best levels towards the close. Kleinwort Benson sattled another 2 harder at 323p, while SG War-burg, heavily bought on Monday after a strong "buy" recommendation issued by Graeme Moyse and Wayne Gerry at Kleinwort Benson, touched 340p early on before settling a net 2 off at 333p, The Kleinwort duo say Warburg's corporate finance division "continues to perform well; its securities business, one of the more significant forces in the market, will be well placed to benefit from new regulations in marketmaking." News that West Germany's

Deutsche Bank is raising some £390m via a rights issue trig-gered a wave of buying of Morgan Grenfell, on suggestions that Deutsche Bank may use its near 5 per cent stake as a profits up from £208.3m to its near 5 per cent stake as a £255.1m, at the very top and at bid platform; Morgan shares market forecasts.

The hank, sector maintained is recent strong progress but tended to come off its best lev-

The Deutsche Bank news also gave a boost to the composite sector where Commercial Union ran shead to 392 %p before attracting widespread and closing a net 2 off at 384p.
Big two-way business saw General Accident jump 16 to 958p and Royals add 7 at 441p, after 454p. The stock shortage continued to grip Sun Alliance, which advanced to 1136p before closing a net 16 firmer at 1128p.

Early gains in the blue chip internationals were cut back sharply when Wali Street opened lower. Glaxo managed to close above the £12 mark, retaining a 10p gain, but Bee-cham, which has also attracted buyers this week, ended with a net fall of 3. Others to close with minor gains were ICI (1143p) and BAT Industries

Heavy block trades in Cambrian & General and Cambrian & General Capital signalled the increased offer from Leuca-dia National. Among trusts, Baillie Gifford gained 6 to 94p as Clydesdale Investment disclosed that it held 25 per cent and will offer for the rest of the equity.

Disclosure by Elders IXL of a £700m offer for Metal Box Packaging left MB Group, the parent, little changed at 280p with 1.7m shares traded.

The outcome of the Ofgas investigation into industrial gas prices was perceived to be bullish for British Gas shares which moved ahead strongly to close a busy session 5 higher at 184%p; turnover expanded rapidly throughout the session and settled at 25m.

BP performed well, with the old 4% higher at 281%p on turnover of 3m and the new the same amount up at 177%p following the egm at which shareholders gave approval for the hny-back of the near 12 per a move which will cost BP £2.4bn.

Ultramar gave up 5 to 305p on profit-taking, while doubts about the possibility of a bid for Century Olls left the latter 11 down at 201p.

There were plenty of speculative stories in the building sectors. Magnet jumped 14 to 284p on hints that the management buy-out (MBO) currently heing negotiated could well involve an offer in the region of 280p a share. Talk in the market suggested that any MBO would provoke a number of counter offers, possibly including one from the Conti-nent, which could well go up to 350p a share. Meyer International, ahead

of an institutional visit later this week to some of the com-pany's operations in Ashford, jumped 10 to 436p. Stores were left behind as

# Alecteriana, Mayne Nickess, NMC 73, pc. Pri., Norloit House, Pacific Duniop, RCO, Secto, Sothebys Inc. Class A, Transport Dev., WSP, Whatman Reeve, LESURE (17) MEWSPAPERS (7) PAPERS (3) PROPERTY (7) SEPPSE (3) Nersey Dock Units, Sea Containers, Tiphook, TEXTLES (1) Pains Gp., YRIBTS (65) OHE (2) Silvolene, Woodsids, OVERSEAS TRADERS (1) Tozer Kamsley, SMMES (5) Barrack Mines, Empresor Nines, Meskigharra, NEW LDES (14). CANADIANS (1) ASSA Gold, ELECTRICALS (3) Alphamaric, Personal Compa, UCL, SEDUSTRIALS (2) Rolls & Notam, Cytics-Pickevan, LEISURE (1) A M Grp. 10pc. Cv. Un. 1984, TEXTLES (1) Textured Jarracy, TRUSTS (2) Festion & Gan., Brit. & Comm. 43, pp. Pri., SMMES (4) Durbary Deep, ERIGO, Venterspoet, Highwood Res.

### the company later in the year. Sedgwick closed 3 better at 263p on turnover of 6.2m

the market climbed despite an attempt in early trading to revive interest in the "Boots will bid for Dixons" story. which left Dixons 31/4 weaker at 151%p on turnover of 5.5m shares and Boots unchanged at 255p in trade of 2m shares. Bid talk in a number of stocks has kept the sector bumming since the New Year, but the lack of hard news has led some state observers to predict a correct state of the state of t tive fall for the sector.

leading Stores stocks until the trough in the retail cycle has been reached. However, Chewter did say: "We believe that large bid candidates are likely to take some defensive action which may involve swallowing smaller competitors." Overall, SBS is advising short-term caution on the sector and predict-

ing a "very dull" performance for most of the year.

Among well-supported second liners, Body Shop sparkled, advancing 8 to 553p on consistently good buying. Most of the interest in alettropies of the interest in electronics, Ferranti apart, was concentrated on British Telecom, where turnover came out at 15m; Telecom shares drifted easier to close at 289p.

GEC fell away to close a net 1½ cheaper at 218½p on turn-over of 7.8m while Plessey dipped to 241p on minimal turnover. The Racal twins made modest progress with Racal Telecoms, where US investors were recently revealed as holding more than 8 per cent of the stock, edged up 4 to 254p on turnover of 2.5m; Racal Electronics hardned 2 to 331p on 4.2m. the Sunderland-based brewer brewer in the bld frame as the Among mixed foods stocks for several weeks, initially on shares advanced 22 to 559p ened 2 to 331p on 4.2m.

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# | 150 | 154 | 14 | 15 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |

wir Mark Chewter, analyst at Swiss Bank Stockbroking (SBS), is one who expects little or no corporate activity and leading of the corporate activity and the corporate activity activity activity and the corporate activity activit

talk of brand accounting lifted United Biscuits (UB) 1½ to talk that hotels group Queens Moat was ready to add to its 321p as one broking house 7.6 per cent stake.

However, Queens Moat, up a penny at 114p, confirmed last week at a lunch with County into the stock from Northern Foods. Cadbury Schweppes, up 2 at 337p, announced that it NatWest that it had no plans to had earned a quotation on the increase its holding in the Australian stock exchange in brewer, a fact the group re-emphasised yesterday through its Hillsdown added 51/4 at 276p public relations firm. on news of a disposal, while There has been talk of a

Iceland Frozen Foods climbed mystery stakebuilder, but so far there is no proof of any 7 to 324p - the stock has been keenly supported by a number predatory interest in Vaux, of hroking and securities said one sceptical breweries houses. The hig supermarket chains were actively traded. analyst, who offered his own explanation for the price rise. Vaux Group were once again "A number of marketmakers feature of the Breweries sechave been chasing the price up tor, climbing a spectacular 40 for the past week and it now points to 823n on renewed bid appears to have reached its speculation. There has been a neak."

Greene King was another brewer in the bld frame as the

amid speculation that Mr Ron Brierley, the New Zealand entrepreneur, may bave increased his sizeable stake in the group. Guinness continued to be well supported, rising 9 to 883p as 5.3m sbares change

Tare & Lyle ....

THORN EAST

hands. Property group Mountleigh closed unchanged at 159p after reporting a 30 per cent drop in interim profits to £24.7m.

The expiry of the January FT-SE 100 index contract was the main feature in traded options, though dealings were less active than on Monday. Overall contracts came to 57,090, and in the index to

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

TO SERVICE SER

# **COMPANY NOTICES**

NOTICE OF PREPAYMENT



### Crédit Foncier de France

ECU 50,000,000 **Guaranteed Floating Rate Notes due 1993** (the "Notes")

In accordance with paragraph "Redemption" of the Terms and Conditions of the Notes, notice is hereby given that Crédit Foncier de France will prepay, at par, on the next Interest Payment Date, i.e. February 28, 1989 all the Notes remaining outstanding (i.e. ECU 1,330,000).

Payment of interest due on February 28, 1989 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Notes. Interest will cease to accrue on Notes as from February 28, 1989.

### **Crédit Foncier de France**

up to ECU 100,000,000 11 1/4 % Guaranteed Bonds due 1993 (the "Bonds")

In accordance with paragraph "Redemption" of the Terms and Conditions of the Bonds, notice is hereby given that Crédit Foncier de France will prepay, on February 24, 1989 all the Bonds remaining outstanding (i.e. ECU 98,670,000) at 100 3/4 % of the principal amount.

Payment of interest and premium due on February 24, 1989 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Bonds. Interest will cease to accrue on Bonds as from February 24, 1989.

Luxembourg, February 1, 1989



The Fiscal Agent KREDIETBANK

S.A. LUXEMBOURGEOISE



For the accounting year ended 31st December 1988, a distribution of USS88.10 per 10 shares is payable from 14th February 1989, against presentation of Coupon No.13 at any of the following citicas:

Banque Bruselles-Lembert S.A., 2 Rue de la Regence, B-1006 Brussels, Bel-gium. By Order of the Fund Managers.

# In accordance with the provisions of the Notes. Notice is hereby given that for the interest period from 31 January, 1989 to 25 February, 1989 the Notes carry an interest case of 9% per cars per annum.

CHERDOAL NEW YORK CORP.

USE300,000,000 FLOATING RATE

SERGOR NOTES DUE 1990

The interest payable on the relevant interest payment date, 28 February 1989 against coupon No.51 will be US\$72.43 per US\$ 10,000 Note. AGENT BANK CHEMICAL BANK

### **LEGAL NOTICES**

THE PORTALTHORITY OF NY & NJ

REQUEST FOR QUALIFICATION INFORMATION DEVELOPING A SUPERIOR FIRST-CLASS

COMMERCIAL HOTEL JOHN F. KENNEDY INTERNATIONAL AIRPORT JFK REDEVELOPMENT PROGRAM

The Port Authority of New York and New Jersey has begun to redevelop John F. Kennedy International Airport (JFK) and, in particular, to reconstruct the central terminal area to provide improved airport service to the New York and New Jersey metropolitan area. At least one superior first-class hotel incorporating twoive floors (two public hotel floors, five floors of guest rooms and a public parking garage with capacity for 1300 perking spaces on the floors) is planned as part of the redevelopment. The purpose of this Request for Quelification Information is to designate a developer for the first hotel.

At this time it is envisioned that the Port Authority will enter into a lease agreement with the developer.

The Port Authority will use a two-step process: an initial Request for Qualification Information followed by a Request for Proposal to a select number of qualified developers. In general, consideration will be given to only those developers who can demonstrate financial capability or secure a line of credit in the amount of \$32 million and who can demonstrate experience in the following:

a. Development and operation of superior first-class hotel and parking garage
b. A nutional and intermittional reservation system
c. A strong operational plan
d. A strong management structure

if you are interested in being considered and believe you are qualified, please write for complete "Request For Qualification Information kit" to: Mr. Orvitle A. Romney Project Manager
JFK Redevelopment Program
The Port Authority of New York and New Jersey
John F, Kennedy International Airport
Building 14
Jamaica; New York 11430

(718) 244-6428 Qualification statement must be received by the close of business (5pm EST), March 31st, 1989.

No. 006012 of 1988 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF RENTAMINSTER **PUBLIC LIMITED COMPANY** CNA

IN THE MATTER OF THE **COMPANIES ACT 1985** 

Notice is hereby given that the Order of the High Court of Justice. Chancery Division dated the 21st day of Nevember 1583 contributing the cancellation of the Share Premium Account of the above-named Company and the Special Resolution approved by the Court showing with respect to the Share Premium Account of the Company as altered the several particulars required by the show-mentioned Acts were registered by the Registrer of Companies on the 3rd day of December 1888.

Dated this 21st day of December, 1988 Jeffrey Green & Russell, Apolic House. 59 New Bond Street, London W1Y 90G Tel. ST 489 7020 Ret. CT

Solicitors for the above-named Company

### TRAVEL **CLUB/FIRST CLASS**

"Up to 30% of?" Call toll free from:

**OVERSEAS** 

The U.K.: 0500 981465 Germany: 0041 4605 4041

Switzerland: 04805 4041 or call (U.S.A.) : 808 533 1494 Fax (U.S.A.): 808 538 7159

Denmark The Financial Times proposes to publish this survey on:

5th April 1989 For a full editorial synopsis and dvertisement details, please contact: Chris Schaanning on 01-248 8000 ext 3699

or write to him at: Bracken House 10 Cannon Street London EC4P 4BY Or contact your local representative

**FINANCIAL TIMES** 

### of its components group whose major unit is Perkins diesel engines. He was managing director, Land Rover Group. Mr Tony Chapman and Mr

Alan Peck have rejoined the partnership of PRESHFIELUS. Mr K.J. Sherwood has



APPOINTMENTS

Mr David Willetta (above), has a apppointed chairman of HABIT PRECISION ENGI-NEERING. He is international director at Neville Russell. Mr Willetts succeeds Mr James Mayne, who remains a direc-

for private sector housing for the elderly throughout the UK. He was the Midlands regional

Mr Alan Marsh has been appointed managing director of SERCK HEAT TRANSFER. a subsidiary of the BTR Group. He was regional director of Thermalite.

PENTOS OFFICE FURNITURE, a subsidiary of Pentos, has appointed Mr Ism Findley as sales and marketing director. He was farmerly sales become a divisional director at WIMPEY HOMES HOLDINGS with responsibility director of Hellaware Sons.

Ms Heather Roberts has become a director of FIDELITY PENSIONS MANAGEMENT. She was a director of Foreign & Colonial Management. Mr J.M. Gordon has been

appointed chairman of SEDWICK LLOYD'S UNDERWRITING AGENTS in succession to Mr C.M. Mosselmans who will be retiring on April 13. PARRISH has made Ms

Christine Sammes finance

director of Parrish

Stockbrokers and Parrish Broking Services. Mr John Church, managing director of CHURCH & CO. has additionally been

appointed vice chairman. ■ Mr Graham Clarke has been made marketing director at VICKERS SHIPBUILDING AND ENGINEERING, the main operating subsidiary of the VSEL Consortium.

# HYDRO FERTILIZERS, the UK subsidiary of Norsk Hydro, has appointed Mr Ron Ward its finance director. He is promoted to chief accountant in succession to Mr Geoff McDonald who is to join the French sister company, Norsk Hydro Azote, as directeur

**WINCANTON VEHICLE** RENTALS has appointed Mr Philip Jenkins as managing director of its light vehicle division. He was development

d'Economie.

■ CELCON BLOCKS has appointed Mr Derek Rayner and Mr Roddy Taylor regional sales directors. Mr Rayner will saies directors. Mr Rayner will be responsible for the South East, South Midlands and East Anglia and Mr Taylor will look after the North, Midlands and

■ Mr Clive Flackney has joined CL-ALEXANDERS LAING & CRUICKSHANK as a director of institutional equities. He was previously a director of Schroder Securities.

Mr Graham Harris has been promoted to managing director of STERLING HOMES. He remains managing director of Blenbury Homes. Both companies are part of the Allied London Property Group.

Mr William Ansell has been appointed a director of SMITH & WILLIAMSON SECURITIES, the privately-owned investment management arm of the Smith & Williamson Group. He was an assistant director at Kleinwort Benson.

m Mr Geoffrey Bayley has been made the director in charge of the wines and spirits distribution company, HAYS INTERBOND. He was a director of the parent company Hays Distribution Services. B & W LOUDSPEAKERS

has made Mr Pani Stanforth

its managing director from February 1. He was formerly

with an international search

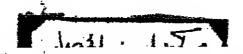
Hambro International Bond Fund NOTICE OF DISTRIBUTION

Hambros Bank (Guernaey) Limited, 9 O Box 8, St Julian's Court, St Peter Port, Guernaey, Channel Islands. Banque internationale a Lucembourg. Boulevard Royal 2, Lucembourg.

PERSONAL

PUBLIC SPEAKING Training and speech writing by award winning speaker. First lesson free, 01 930 2187.

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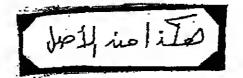


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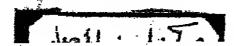
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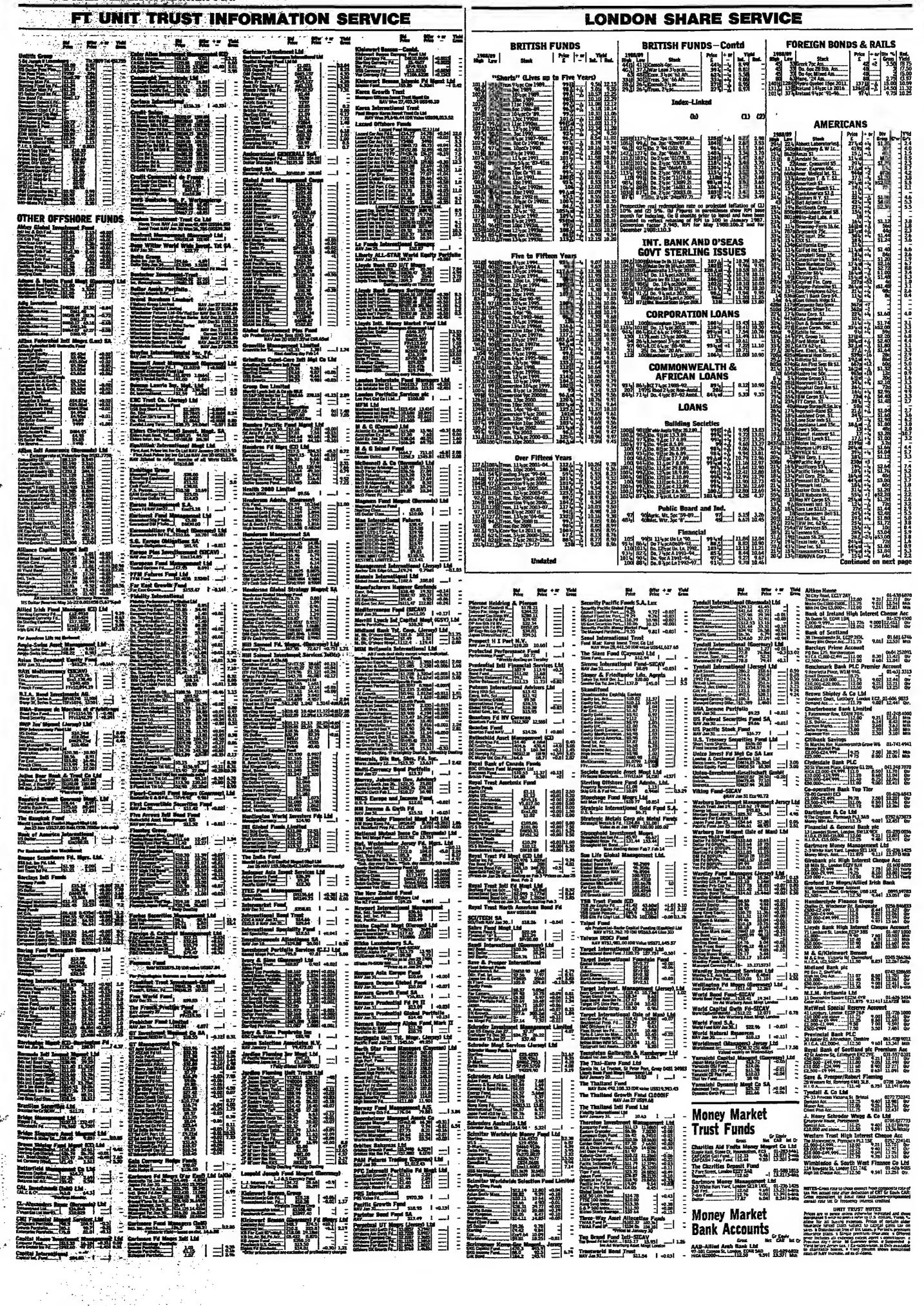
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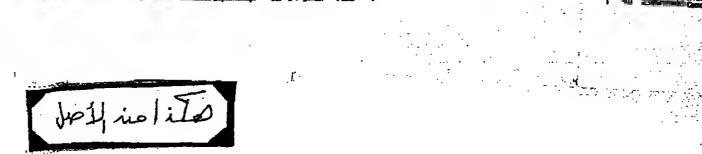
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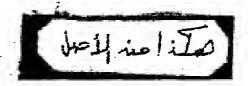
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To obtain your free LONDON SHARE SERVICE Share Code Booklel ring the FT Cityline help desk on 01-925-2128 PROPERTY TRUSTS, FINANCE, LAND - Contd TEXTILES—Contd MINES - Contd Price 134 | 153 34 44 84 144 | 144 | 154 34 36 98 | 144 | 154 34 36 98 | 144 | 154 34 36 98 | 144 | 154 34 36 98 | 144 | 154 34 36 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 36 | 152 34 3 791<sub>2</sub> Scot. Am. lav... 545 Scot. Cities 'A'. 113 Scot. East. lav. 25|Mayer Hitam 5M1 | 51|Geevor | 33|Goorg Beraal M50 50 | 36|Jantari 12 | 70 | 70 | 71|DPetaling 5M1 | 65|Sungel Best 5M1 | 90|Tanjong 15c | 90|Tanjong 15c | 40 2053.3 0 7 78 2010d 1.4 08 2 103.5 4 2 126 087d 1 21 100 070d 1.41 90 41025d 1.0 **OVERSEAS TRADERS** Miscellaneous Price + or Bir | Y'ld Trusts 963 +3 | 27.5 | 10 | 3.8 | 22.8 | 52 | 12.4 | 0.9 | 26.7 | 37.7 | 12.4 | -2 | 12.4 | 0.9 | 26.7 | 37.8 | -2 | 12.4 | 1.9 | 26.7 | 37.8 | -2 | 12.4 | 1.9 | 26.7 | 37.8 | -2 | 12.4 | 1.9 | 2.0 | 38.8 | -2 | 12.4 | 1.9 | 2.0 | 38.9 | -2 | 11.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 3.8 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | -2 | 1.1 | 38.1 | 13.25 • 4.1 1.6 1.3 1.6 21.0 1.2 8.5 2.1 1.2 0.4 13.6 1.3 2.5 114.53 1.022.3 **PLANTATIONS** THIRD MARKET Palm Oii 96 -1 1 2 1 4 2 1 62 -2 017c 1.1 5.5 127 +3 018c 1.7 2.8 128 017.5 08 2.7 2.8 11 +2 1017.5 0 4 2 10 39 2 4 08 15 1.4 3.8 **MOTORS, AIRCRAFT TRADES** MOTORS AUGUST LINES SECTION OF THE PROPERTY LINES A STATE OF

### CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

## Dollar resumes upward trend

seemed unmoved by the grow-ing possibility of a further rise in West German interest rates.

in West German interest rates.
The dollar rose to its best level against the D-Mark since September last year, closing at DM1.8785 from DM1.8585 on Monday. The US unit also broke through resistance at Y130 to finish at Y130.50 from Y129.30. Elsewhere it closed at SEA 6000 from SEA 6700 and

SFr1.6000 from SFr1.5790 and

FFr6.3850 compared with FFr6.3200. On Bank of England

figures, the dollar's exchange

rate index rose from 67.4 to

Early trading in New York saw the dollar testing resis-

tance st DM1.88 after further comments from Mr Greenspan,

suggesting that the US trade deficit will drop without a

THE DOLLAR hroke through resistance at DM1.87 against the D-Mark in currency markets yesterday after comments hy Mr Alan Greenspan, chairman of the US Federal Reserve Board. Speaking before the US Congress joint economic committee, he stressed that the risk of higher inflation is sufficiently great that monetary policy might well be advised to err more on the side of restric-tion than of stimulus. He added that inflation, currently at 4.4 per cent, is too high and

must he hrought down.

This was sufficient to push the dollar firmer in an otherwise featureless market. There was no intervention by central banks, although traders remained wary of pushing the dollar too high for fear of attracting further dollar sales. Many investors are content to take profits and square off their positions ahead of the release of US employment data for January, due on Friday. There is also little incentive to take out fresh positions before the Group of Seven meeting in Washington, starting tomorrow

evening.
Traders adopted a cautious stance in early European dealings. The dollar retained a firm undertone, supported by high US interest rates and the possi-

**2 IN NEW YORK** 

Jan 31	Latest	Previous Close
E Spot	1.7510-1.7520 0.59-0.58pm 1.58-1.55pm 4.29-4.21pm	1.7620 · 1.7630 0.52 · 0.50pm 1.49 · 1.46pm 4.15 - 4.00pm
Forward premiu	uns and discounts ap	ply to the US dolla

		Jan 31	Previous
8.30 9.00 10.00 11.00 Noon 1.00 2.00 3.00 4.00	am	98.2 98.3 98.3 98.3 98.3 98.2 98.2 98.2	98.1 98.1 98.1 98.1 98.2 98.2 98.2 98.2

CUR	REN	CY RA	TES
Jan.31	Batuk rate o <sub>e</sub>	Special* Drawing Rights	Europ Curre Uni

Jan.31	Tate	Drawing Rights	Correctly Unit,
Canadian S Austrian Sch Beigtan Fi and Danish Krone Deutsche Filark Neth, Guider French Franc Littlan Lira Japanese Yen Norway Krone Soanish Peseta Swedish Krona Swedish Krona Swedish Krona Swedish Peseta Greek Drack Latin Lira Lirabeau Swiss Franc Lirabeau Lirabe	7 <sup>1</sup> 24 500 9 <sup>1</sup> 2 <sup>1</sup> 2 12 <sup>1</sup> 2 8 <sup>1</sup> 2 8 <sup>1</sup> 2	0.745543 1.30880 1.54543 17.1950 51.2133 9.48226 2.44445 2.76091 8.31546 1788 87 170.013 8 81608 8.30172 2.07772 2.07772 N/A	0.636027 1.12004 1.12389 14.6916 93.7433 811191 2.08854 2.35780 7.10163 1524.15 144.934 7.53341 129.197 7.08763 1.77527 0.780735
"All SDR rates a	are for Ja	in.30	

**CURRENCY MOVEMENTS** 

Jan.31	Bank of England Index	Morgan <sup>eo</sup> Guaranty Changes %
Sterling	98.2 67.6 105.4 105.4 102.6 117.8 109.5 97.5 149.1	-14.0 -11.4 -47.4 -6.5 -19.9 +17.5 -10.0 -20.1 +81.4

OTHER CURRENCIES						
Jan 31	£	5				
Argentina		17 1900 · 17 2700				
Australia Brazil	1 9700 - 1 9725 1 7470 - 1 7650	1.1225 - 1.1235 0.9950 - 1.0000				
Finland Greece	7.5450 - 7.5670 269.70 - 274.20	4,3040 - 4,3060 153 15 - 155,95				
Hoog Kong .	13 6795 - 13.6930	7.7965 7.7985 69.25				
kran Korea(Sth) .	123 50° 1194.05 - 1203 70	677 80 - 683.40				
Kungit Luxembourg	0 50395 · 0.50415 68 65 · 68 75	0.28740 - 0.28750 39 20 - 39.30				
Malaysia	4 7860 · 4,7975 4051 25 · 4069 25	2.7270 · 2.7300 2308.00 · 2318.00				
Mexico N. Zealand	2 8995 2.9045	1 6520 - 1 6550				
Saudi Ar Singapore	6.5760 · 6.5860 3.3890 · 3.3945	3 7500 - 3 7510 1 9310 - 1 9330				
S Af (Cm)	4.2135 - 4.2250 6 6885 - 6 9525	2.4015 · 2.4045 3.8095 · 3.9605				
Taiwan	48 60 48 86	27.60 - 27.70				
U.A.E	6 4390 - 6.4510	3.6725 - 3 6735				

**MONEY MARKETS** 

THERE WAS a slightly firmer tone to interest rates in London yesterday, but no fresh

factors. Three-month interbank was quoted at 134-124 per cent. compared with 13-124 per cent.

The Bank of England initially forecast a money market

shortage of £1bn, hnt revised

this to £1.1hn at noon and to £1.2bn in the afternoon. Total

help of £1.237bn was provided.
An early round of help was
offered and at that time the
authorities bought £827m hills,

including £165m outright, hy

UK clearing bank base lesding rate 13 per cent from November 25

way of £119m hank hills in

band 1 at 12% per cent and £46m bank hills in band 3 st

121 per cent. Another £662m hills were purchased for resale

to the market on February 9, at a rate of 12% per cent.

Before lunch the Bank of England bought a further

£320m bills ontright, via £90m local authority bills in band 1

at 12% per cent; £61m hank hills in band 1 at 12% per cent;

124 per cent; 224m bank hills in band 2 at. 124 per cent; 265m bank hills in band 3 at 124 per cent; and 280m bank bills in band 4 at 125 per cent. In the afternoon another £90m bank bills were bank bills were

bought in band I at 12% per Bills maturing in official hands, repayment of late assis-

Slightly firmer

tance and a take-up of Trea-sury bills drained £614m, with

ths unwinding of repurchase agreements with the market absorbing £378m, and £xche-

absorbing £378m, and £xchequer transactions £170m. These outweighed a fall in the note circulation adding £40m to liquidity and bank balances above target of £110m.

In Frankfurt call money continued on a volatile course, rising to the effective cuiling the continued on a colatile course, rising to the effective cuiling the effective cuil

ing to the effective ceiling to

6.00 per cent. At this level banks can horrow from the Bundesbank under the emergency Lombard facility. There has been a sharp tightening of credit conditions so far this wask after cell money fell to its

week after call money fell to its effective base of 4.50 per cent last Friday, where banks can use surplus funds to purchase three-day Treasury hills from the Bundesbank.

There has a sudden tighten-

ing as banks hid for funds to

meet January reserve commit-ments at the Bundesbank. It is not, however, expected to her-

ald a further rise in the dis-count or Lombard rates.

No minimum bid rate was set for this week's securities

repurchase agreement tender, which is in two parts, matur-

which is in two parts, maturing in 28 days and 63 days. Two earlier facilities, totalling DM29.2bn expire today. This will be partly offset by the unwinding of about DM2bn in currency swaps, which also expire today, but will result in D-Marks returning to the market.

weakening in the dollar. How-ever, trading volume was a lit-tle thin on the last day of the month, and at midday in New hility of further tightening, and edged up from its opening levels without seriously testing DM1.87. The break through York the dollar was still below this level came after the Green-span comments, and investors

DMI.88.
Sterling edged firmer during the morning. High UK interest rates continue to drsw in rates continue to drsw in demand from overseas investors, and the pound moved up to close at the day's high of DM3.2875, its best level since July 1986, and up from DM3.2750 on Monday. Its exchange rate index finished at 98.2, unchanged from the open-ing and at the close on Mon-day. The index was held down by sterling's poor performance against a stronger dollar, where it slipped to \$1.7505 from \$1.7625 previously.

However, it was firmer against the Japanese yen at Y228.50 from Y228.00, and finished elsewhere at SFr2.8000 from SFr2.7825 and FFr11.1775 compared with FFr11.1400.

EMS EUROPEAN CURRENCY UNIT RATES						
	Ecu central rates	Currency amounts against Ecs Jan.31	% change inom central rate	% change adjusted for divergence	Dhergesce Fimit %	
glan Franc	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43,7433 8,11191 2,03654 7,10163 2,35780 0,780735 1524,15	+3 03 +3 31 +1 46 +2 86 +1 65 +1 60 +2 73	+0.91 +1.19 +0.66 +0.74 -0.47 -0.52 +1.40	±1.5344 ±1.5404 ±1.0961 ±1.3674 ±1.5012 ±1.6684 ±4.0752	

Transport and	for Ecu,	therefor	e positive change denotes a	week comen

Jan.31	Day's spread	Close	One month	P.a.	Three months	% P.E.
is	1.7505 - 1.76-75 2.0710 - 2.08-75 3.09-1, 3.71-1, 68.50 - 68.90 12.73-1, 12.78 1.2255 - 1.2315 3.27-1, 3.29 266.40 - 268.90 202.50 - 203.45 202.50 - 203.45 202.50 - 203.45 11.13-1, 11.84-1 11.11-1, 11.84-1 221 - 229 23.01 - 23.10 2.78-1, 2.80-1,	1.7500 - 1.7510 2.67710 - 2.0720 3.704 - 3.714 68.65 - 68.75 12.77 - 12.78 1.270 - 1.2280 2.64 - 40 - 257.40 2.971 - 2.3984 11.634 - 11.84 11.174 - 11.84 11.174 - 11.84 11.124 - 11.124 2.85 - 2.310 2.879 - 2.310 2.879 - 2.310 2.879 - 2.310 2.791 - 2.504	0.52-0.49cpm 0.38-0.24cpm 2-1 4cpm 31-25cpm 31-25cpm 0.50-0.45cpm 15-16cpm 38-27cpm 4-2impm 24-15cpm 24-15cpm 25-15cpm 15-114cpm 15-114cpm	3.46 1.80 6.26 4.96 4.64 6.62 1.52 1.50 1.84 3.22 8.21 6.70	1.48-1.43pm 0.85-0.65pm 54-53-pm 88-78pm 1.48-1.38pm 1.49-1.38pm 53-54-pm 1.95-1.45pm 51-43-pm 1.95-1.45pm 1.95-1.94pm 43-43-pm 43-43-pm 44-43-pm 44-43-pm	3.34 6.1: 4.8: 4.5: 4.6: 6.5: 0.9: 1.0: 2.1: 7.9: 6.2: 6.7:

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR									
Jan.31	Day's spread	Close	One month	% p.a,	Three mostis	% pa			
UKT Irelanot	7.22 - 7.30 1.8560 - 1.8790 1524 - 1534 115.00 - 116.00 1358 - 13704 6.71 - 6.744 6.32 - 6.384 6.314 - 6.344	1.8780 - 1.8790 1524 - 1524 115.90 - 116.00 13694 - 13704 6.764 - 6.764 6.384 - 6.384 6.354 - 6.364 130.45 - 130.55	0.52-0.49cpm 0.25-0.31odis 0.44-0.19edis 0.47-0.44cpm 6.00-4 00cpm 0.85-0.60cepm 0.51-0.48cpm 15-35calls 17-0.240tirells 0.85-1.05credis 0.22-0.15cpm 0.85-0.80credis 0.51-0.49pm 3.20-2.70pmpng 0.45-0.43cpm	346 239 153 153 154 154 155 155 155 155 155 155 155 155	1.48-1.43pm 0.65-0.75dis 0.52-0.59dis 1.48-1.44pm 17.00-13.00pm 2.30-1.90pm 1.51-1.44pm 70-1.20dis 6.90dis 7.70-8.70dis 2.75-3.05dis 0.66-0.50pm 1.75-2.05dis 1.53-1.50pm 1.75-2.05dis 1.53-1.50pm 1.30-1.30pm	3.32 -1.95 -1.88 -2.77 -2.51 -2.49 -2.51 -2.72 -1.72 -1.20 -4.68 -2.82 -3.34			
t UK and Irek	Settlersland. J. 12/05 - 1.5985 1.5995 1.0005   0.48-0.450mm   3.58   1.59-1.50mm   3.54   1.50-1.50mm   3.54   1.								

EURO-CURRENCY INTEREST RATES								
Jan.31.	Short term	7 Days notice	One Month	Three Morths	Six Months	One Year		
ertlag  Dollar  Dollar  Dollar  Switter  Franc  Franc  Hen Lire  Fr, (Con.)  Krone  Man Skino	123-124 9-8% 104-104 64-64 85-84 85-84 11-9 74-64 47-74	13/1-128 107-10 61-61 81-81 51-51 81-81 11-101 74-74	13:1-13: 107-10 68:1-88:1 57-5-88:1 114-17: 74-77:4 48-73	134-128 93-94 114-11 62-63 983 64-58 984 12-116 73-74 73-74 63-84	121-121 95-93 114-112 61-63 9-83 63-63 9-83 121-114 78-78 8-73 48-64	124-124 114-114 114-114 114-114 114-11 114-1		

75mg	766-716	24-24	12.12	77-77	14-14	74-74
Long term Eurodo	nominal Shor	STATE POLICE	call for IIS Dal	lars and favores	a Very others to	M bet pour

EXCHANGE CROSS RATES										
Jan.31	£	s	DM	Yea	F Fr.	S Fr.	H FL	Lira	CS	8 Fr.
£	0.571	1.751 1	3,288 1.878	228.5 130.5	11,178 6.384	2.800 1.599	3.713 2.121	2398 1370	2.072 1.183	68.70 39.23
OM YEN	0.304 4.376	0.533 7.663	14.39	69.50 1000.	3,400 48.92	0.852 12.25	1129	729.3 10495	0.630 9.068	20,89 300.7
F Fr. S Fr.	0.895 0.357	1.566 0.625	2.941 1.174	204.4 81.61	10. 3.992	2.505	3.322 1.326	2145 856.4	1.854 0.740	62.46 24.54
H FL. Lira	0.269 0.417	0.472 0.730	0.886	61.54 95.29	3.011 4.661	0.754 1.168	1 1548	645.8 1000.	0.558 0.864	18.50 28.65
C S B Fr.	0.483 1.456	0.845	1.587 4.785	1193	5.395 16.27	1.351 4.076	1.792 5.405	1157 2491	3.016	\$3.16 100.

**NEW YORK** 

Jan.31

124

12%

### FINANCIAL FUTURES

## Greenspan knocks bond prices

INTEREST RATE futures weakened on Liffe yesterday, against the hackground of a against the hackground of a strong dollar and firm interest rates. US Treasury bonds declined after Mr Alan Green-span, chairman of the US Federal Reserve Board, told a con-gressional committee that monetary policy should "err more on the side of tightness because of long run risks of

59

243

131

LOPPE E/S OPTEMS E25,000 (costs per £1)

LONDON (LIFFE)

ated Volume () ((1) his day's open lat., 276 (276)

Estimated Volume 598 (387) Previous day's open Int., 670 (706)

FT-SE 100 INDEX 625 per full fadox point

POUND-S (FOREIGN EXCHANGE

Treasury Bills and Bonds

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

Treasury Bills (self): one-month 12½ per cent; three months 12½ per cent; Bank Bills (self): one-month 12½ per cent; three months 12½ per cent; Treasury Bills; Average tender rate of discount 12.3125 p.c. ECGO Fixed Rate Sterling Export Finance, Make up day January 31, 1969. Agreed rates for period February 26, 1989 to March 25, 1969. Scheme 1: 13.93 p.c., Scheme 1: 13.111 p.c. Local Authority and Finance Houses seven days notice, others seen days fixed. Finance Houses Base Rate 13½ from February 1, 1969. Bank Oeposti Rates for sums at seven days notice 4 per cent, Centrificates of Tax Deposit Scheme (1900,000 and over hald under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nive months 11 per cent; one-three months 11 per cent; three-six months 11 per cent; one-three months 11 per cent; three-six months 11 per cent; one-three months 11 per cent; one-th

12%

13

1-mth 3-mth 6-mth 12-mth 17455 17359 17242 17090

6.00 7.25

122

Est, Vol. (Inc., figt, not shown) 15205 (15903) Previous day's open int., 58729 (57204)

Close High Low Pres, 208.10 210.10 207.80 210.10 212.20 213.00 211.50 213.15

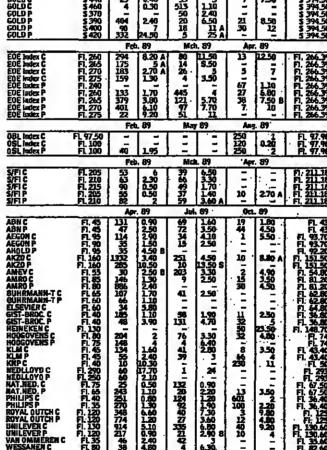
higher inflation."
Mr Greenspan's comments
that a recession is not at hand that a recession is not at hand may have also encouraged sell-ing by traders with long posi-tions. It was argued that if there is not to be a recession there is also no reason for a reverse yield curve, and that long term rates can be expected to rise more in line with short term money. A fall below

support at 90-28 added to the weaker tone in bonds. Long term gilt and short sterling futures weakened, hut traded in a narrow range, lacking new factors. Sterling's strength against the D-Mark helped offset a slight firming of cash market rates in London. Trading was quiet, with vol-ume remaining relatively low

Jun 12.50 8.60 5.50 3.20 1.90 2.20 0.60 

CHICAGO JAPANESE YEN ON Y125m S per Y100 90-30 90-24 90-19 90-16 90-13 90-10 90-07 0.5390 0.5373 0.5436 0.5422 91.67 91.72 91.74 91.66 91.81 91.81 SWISS FRANC COND SFy 125,000 S per SFY

> 100 EUROPEAN OPTIONS EXCHANGE Vol Last 75 3.60 25 0.40 4 0.30 404 2.40 90 7 332 24.50



70TAL VOLUME IN CONTRACTS: 40,720

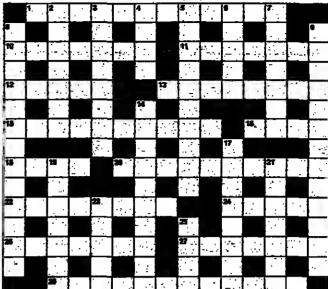
C-Call

A-Ask 8-Bid

3	AS	E LENDING	R	ATES	
	%	•	%		%
BAN Bank	13	Clydestale Bank	13	Nat Westerlister	- 13
tam & Company	13	Consta. Bk. N. East	13	Morthern Bank Ltd	13
AB-Allied Arab Bk	13	Co-operative Bank	*13	Herwich Gen. Trast	13
lied brish Bank	13	Courtis & Co	13	PRIVAThanks Limited.	. 13
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18 When student is in love as well (4)
20 Made hoop Garth rolled behind the plane snap (10)
22 What bride says; subsequently, of a devoted admirer (8)
24 Having two to return, nurse follows dramatist (5)
26 Roving detectives have a half day to come back (7)
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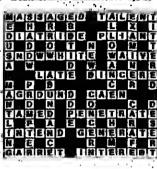
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4 Turning up, heard Kay posed for a job (4)
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14 Shrewd fellow is holding ace thrown out by clergyman (10) 17 Serviceman stands on it in error, but it gets motorist going (8)

19 In Dorset poor Mr French is attacked (7) 21 Guidance for cooking sauce – about a half pint (7) 28 Ends with a rocky mountain system (5) 25 Night flier takes cat back

home first (4)



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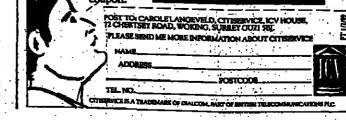
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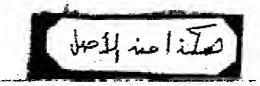
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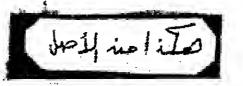
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FINANCIAL TIMES

# Dow rebounds after profit-taking

ANOTHER sharp gain came as the equity market survived profit-taking yesterday and showed signs of life after a tired start to the day, writes

Janet Bush in New York.
The Dow Jones Industrial Average traded in negative ter-ritory for most of the session, then clawed back to score a modest gain in late afternoon business and finally a strong sourt in the last haif an hour. At the close, the Dow stood 18.21 points higher at 2,342.32 on active volume of 194m shares. This was the sixth successive deliving cessive daily rise.

The current wave of buying

which last week pushed the blue chip index up by 87.50 points has shown stubborn momentum. The rise had seemed to slow down but there has been no substantial correction and profit-taking has been balanced by new buying. Yesterday, the Dow showed resilience throughout the ses-

sion, bouncing back from a loss of 14 points in mid-morniog and then recovering throughout the afternoon. Although the index only managed a gain of 1.25 points on Monday, the broader market

man Hutton. man Hutton.

He noted in his daily commentary that the margin of gains over losses on Mooday was almost equal to Friday's when the Dow rose by almost 32 points. The Dow was weighed down by a sharp fall in Texaco's stock after news that Mr Carl icahn had made a standstill agreement with the

Yesterday, other financial markets provided a mixed influence on equitles. The Treasury bond market had a variable day while the dollar was sharply higher.

company.

There were no major eco-nomic releases, but the finan-cial markets focused on the testimony of Mr Alan Green-span, chairman of the Federal Reserve Board, to the Congressional Joint Economic Committee. After his extensive testi-mony last week, which helped prompt substantial rallies in stocks and bonds, he said little that was new.

Mr Greenspan did say that he expected a further substan-tial correction in the US trade its current relatively high level – a comment which seemed to

did quite well that day, according to Mr Newton Zinder, technical analyst at Shearson Lehman Hutton.

belp the US currency as it suggested that the US authorities did oot seek a lower dollar specifically to belp in the trade adjustment

The dollar was also assisted by his comment that interest rates would probably have to be higher than would otherwise be the case in order to attract foreign capital to finance the current account deficit

Texaco was again in focus after Mr Icahn raised his stake to 17.3 per cent. This news came in a filing with the Secu-rities and Exchange Commis-

The purchases were made

before the agreement with Texaco and do not affect the pact made over the weekend, but there was some confusion about the news and Texaco's stock regained \$% of its Monday losses to stand at \$51%. American Brands jumped \$2% to \$65% after news of an agreement under which it will sell Southland Life Insurance for \$440m to Georgia US, the American subsidiary of Dutch insurer Nationale-Nederlanden. Houghton Mifflin, the pub-lisher of text books, surged \$8% to \$45% following news that Robert M Bass Group

Among companies reporting sults was USX, which fell \$1/2 to \$31% after the company said it had made net income in the fourth quarter of 55 cents a share compared with a net loss a year ago of 13 cents a share. Control Data dropped \$\%\$ to \$20\%\$. \$20%. It posted a net loss of 31 cents a share in the fourth quartar compared with net income a year ago of 26 cents a

Canada

RISING BASE metals and industrials helped the Toronto composite index, which recovered earlier losses to close slightly higher in active trad-ing. However, falling golds and energy issues, depressed by lower commodity prices, dragged the broader market

The composite index, which had slumped about 15 points in earlier trading, moved ahead 4.4 to 3,616.6 Declines led advances by 385 to 376 on heavy volume of 29.3m shares. Texaco Canada, which said its board of directors had rec-ommended that shareholders accept a bid from Imperial Oil, was unchanged at C\$%.

# DSM sets sail in buoyant bourse

Laura Raun on what seems to be a timely flotation in Amsterdam

RGANISERS of the DSM privatisation could hardly have picked a better time to float the Dutch state-owned chemi-cals company if they had read a crystal ball. Market forecasts are for a buoyant performance for the rest of this year after a

modest downturn.

Most analysts predict a technical correction of about 5 per cent soon, in the wake of strong gains, firmer short-term interest rates and labour unrest. The dip may already have started as the Amsterdam market has closed lower over the past two days, with the CBS general price index finishing at 162.4 yesterday, down from 164.1 on Monday.

In general, however, the

Dutch are firmly eschewing dourness. "The market is ignoring negative factors such as higher rates, the hectic dol-lar and lack of improvement in the US trade deficit," said one analyst. "It is looking to the longer term."

Some analysts believe the

Amsterdam bourse will perform better than any in Europe this year because of healthy corporate earnings, low inflation, good consumer demand

growth. They add that Dutch institutional investors are finally expanding their equity holdings after traditionally limiting portfolios almost entirely to bonds.

One especially bullish ana-lyst sees the stock market advancing 20 to 25 per cent this

year if Amsterdam siphons off investment funds from other bourses. Low inflation of 1.5 per cent or less is the attraction, he explains, because it will widen corporate margins, enhance international competitiveness and strengthen the purchasing power of consum-

DSM, the biggest flotation and privatisation in Dutch history, is benefiting from the ebullient atmosphere. Onethird of the company is being sold in a FI 1.3bm (\$619m) inter-national offer that could be oversubscribed by three to four

Day traded unchanged at Fl 114 a share in the grey market yesterday, a level well above its official issue price of FI 108. Subscription is scheduled for Friday and the official trading starts

FT-A World Indices ( in £ terms) 105 Amsterdam 104

The market is taking heart from several positive trends. Corporate earnings are expec-ted to continue to advance strongly this year, helped by recent cuts in corporata income tax. Analysis forecast a 10 to 13 per cent increase in 1989 following a 15 per cent

January 1989

jump in 1988. Gross national product should expand by about 2.5 per cent this year, which is robust by Dutch standards but is on a par with the European aver-

age.

If it grew any faster, how-home market.

ever, the economy would run the risk of overheating according to one analyst. Capacity utilisation is already high in some sectors and faster expansion could frigger dangerously steep wage demands.

abour strikes have recently occurred in recently occurred in some transport and steel companies amid demand for higher wages. Unions have moderated their claims in recent years, but are now demanding a slice of fatter cor-porate profits.

Among favourite sectors are property and insurance. Dutch property values remain rela-tively low compared with the European average and small construction companies are finally rebounding from years in a cyclical slump.

Dutch insurance companies are widely recognised as some of the best equipped for the single European market because of their economies of scale and globally spread operations. Nat-Ned's \$440m acquisition

this week of Southland Life of the US is the latest and largest in a series of expansions by Dutch insurers ontside their

# Deutsche Bank cash call jolts nervous Frankfurt

ALREADY sbaky confidence was given another battering in Europe yesterday by news of Deutsche Bank's rights issue, widespread worries about interest rates, and concern about today's latest bourse employees' strike in Paris,

writes Our Markets Staff.
FRANKFURT was dealt a
body blow by rumours, later
confirmed, of the one-for-15
rights issue by Deutsche Bank.
The market, already nervous about the possibility of further interest rate rises as the dol-lar's strength persists, took the DM1.28bn rights issue badly. The FAZ index sbowed a

midsession fall of 5.06 to 556.15, leaving it only 1 per cent higher than at the start of the month. The DAX index shed 15.64, or 1.2 per cent, to 1,312.73. Turnover was DM3.88bn, well down on Mon-day's DM4.77bn. Sentiment has changed rap-

idly for the worse in the past two days and the Deutsche straw that broke the camel's back," said one analyst. "The market's in a critical phase at the moment." If the meeting of the Group of Seven industrial countries later this week fails to allay worries shout interest rates, "there could be quite a sharp correction," be added. Deutsche Bank lost DM11.10

to DM524.90, while Daimler, which has been hit by persis tent worries about its mooted rights issue, fell DM6 to DM660. BMW, which came ont with a 25 per cent rise in 1988 group turnover at the top end of expectations, managed to rise to DM504 before falling back to close DM5 lower at DM496.

PARIS fell back again on a general reluctance to buy, especially among international investors. There is a growing feeling that the market is pricey at current levels and a tendency to restrict activity in the present environment of bourse employee strikes.

One analyst said: "The market has been looking for a cata-lyst to break people's confi-dence and if you're worried about a strike you'll be worried about taking large positions." Interest rate concerns are help-

NATIONAL AND REGIONAL MARKETS

Figures in parel per grouping

Australia (90)

West Germany (102) Hong Kong (45).....

Norway (26)..... Singapore (26)... South Africa (60)

Europe (1006) Nordic (126)...

United Kingdom (314)... USA (570)....

Europe Ex. UK (692).... Pacific Ex. Japan (221) World Ex. U5 (1881).

Austria (18)

ing to curtail demand, while attention concentrated also on the impending release of the inquiry report on insider trading at Pechiney, which was referred to the public prosecu-

tor yesterday.

The CAC 40 index fell 10.37 to 1,654.99 and the OMF 50 index lost 3.86 to 460.50.

Another strike is planned for today, meaning little or no trading in the blue chips underlying the options market. News of Dentsche Bank's rights issue sparked rumours of possible issues in France, using yesterday on Peugeot The stock gained ground against the trend, adding FF137 to FFr1,447. Anything that would reduce the group's gearing was good news, said one

analyst in Paris. The record capital investment programme for London's underground system, announced on Monday, was seen as beneficial for electrical engineer Alsthom, which climbed FFr22, or 4.6 per cent,

AMSTERDAM caught a dose of Germany's troubles, with the stronger dollar failing to please the market and instead being seen as a portent of higher interest rates in Europe. The CBS tendency index closed 1.7 down at 162.4, the day's low, in fairly active trading.

Chemical group Akzo pro-duced a slightly lower than expected provisional net profit for 1988 of F1 840m, compared with forecasts of Fl 860m-Fl 890m, and the share price lost Fl 4.50 to Fl 151.50. However, the dividend was raised from FI 6.60 to FI 7.50, in line with or better than most expectations.

Insurer Nat-Ned eased 90 cents to Fl 67.50 after Monday's news of its acquisition of Southland Life of the US.

### **SOUTH AFRICA**

A STEADY bullion price belped gold shares close higher in Johannesburg. Vaal Reefs rose R4.50 to R289.50 and Randfontein moved up R6 to R240. Diamond stock De Beers, after a lower opening, finished 50 cents up at R47.35.

TUESDAY JANUARY 31 1989

Sterling

133.08

108.19 114.74 69.40 161.68 131.24 136.29 95.40 60.25 134.48 117.80 106.42 125.57 126.07 64.27 126.44

100.51 120.94 158.20

135.13 103.12 84.53 116.39 134.13 121.45 121.97 102.79

121.88

130.47

Base values: Oct 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US 5 Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US 5 Index), 114.42 (Pound Sterling) and 123.18 (Local).

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Oay's Change

+2.334.06.436.44.146.02.89.44.7.15.96.66.38

**−0.3** i

Dollar Index

158.78 139.08 125.65 148.26 148.85 75.89 149.29

118.67 142.79 186.79 159.54 121.75 99.80 137.41

Against the trend, Center-parcs rose Fl 2.70 to Fl 62.70 following a bullish meeting with Dutch analysts.

ZURICH lost more ground as interest rate worries sparked

profit-taking. The Crédit Suisse index fell 5.1 to 535.6.

Adia bearers kept falling, ending SFr250 lower at SFr7,975. They have lost almost 14 per cent since last Wednesday. day's news of share transactions with Inspectorate.

MILAN ended slightly better despite continued worries over difficulties within the coalition and over the budget deficit. The Comit index crept up 0.87 to 599.36 in thin trading estimated at about L110bn.

Foreign investors were currently put off by the lack of market activity by domestic institutions and by the bourse's recent underperformance in Europe, said one ana-

STOCKHOLM shrugged off morning profit-taking and gathered pace to close at a secand consecutive record high in moderate trading worth SKr377m. The Affarsvärlden General index edged up 0.8 to 1.073.1.

Forestry stocks remained in favour, with SCA free B shares gaining SKr7 to SKr387. Insurer Skandia eased SKr3 to SKr206 after reporting a 15 per cent fall in 1988 operating profits to SKr910m. It proposed dividend increase from

SKr2.40 to SKr3. BRUSSELS inched ahead to another all-time high, as its cash index rose 0.8 to 5,801.8, but many stocks closed a little lower as interest dried np.
Petrofina, Belghum's largest
industrial, was unchanged at BFr13,975 on volume of more than 8,000 shares after mixed

news on Monday. The company announced a 15 per cent increase in 1988 profits – in line with market expectations - and plans for a one-for-15 rights issue at BFr11,000 and a OSLO declined in active trad-ing as investors took profits.

MONDAY JANUARY 30 1989

129.23 80.16 113.37 113.79 132.04 111.42 116.52 115.53 69.33 162.25 130.57 136.48 96.55 59.01 117.14 104.10 125.98 64.90 125.98 125.94 100.93

100.65 121.26 158.52 135.37 101.62 85.04 113.72 134.31

121.43

116.38 92.46 130.45 115.68 154.41 119.64 117.11 82.38 126.57 134.48 83.77 157.65 140.95 140.95 140.95 140.61 150.63 147.51 124.11 106.08 130.63 140.34 75.53 125.94 119.98

108.69 132.26 154.47 136.26 119.74 98.04 114.17 135.41

130.62 130.33 115.79

100,00 139,89 135,31 161,60 139,83 119,33 90,40 127,75 86,88 197,43 182,24 115,04 141,54 115,04 141,54 1139,25 149,76 86,75 149,76

219.66

130.81

120.36 99.78 80.27 87.51 120.26 111.77

130.17 | 144.36 | 113.37 | 117.48

3.98 to 401.11.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

4.58 2.67 3.85 1.98 1.46 2.38 3.82 2.48 2.26 4.53 1.87 2.26 4.53 2.26 4.53 2.26 4.53 2.26 4.53 2.26 4.53

153.63 95.30 134.77 135.28 135.97 132.46 128.39 137.34 192.89 155.23 162.25 114.76 161.54 123.75 149.75 149.75 149.75 149.71 149.71 149.73

143.85

2.20 144.36

117.30

117.36 92.30 130.45 115.95 153.34 120.02 116.42 82.07 127.89 134.10 83.84 157.47 166.94

# Financial issues fall as Nikkei edges higher

Tokyo

LAST-MINUTE bnying helped share prices to a slightly firmer finish, after sticking in the red for most of the day in a continued consolidation after last week's gains, Reuters

reports from Tokyo.
The Nikkei index gained 13.80 to 31,581.30 after dropping by 111.57 on Monday. It hit a day's low of 31,487.02 in mid-morning trade and closed just off the high of 31,581,88. Advances trailed declines by

Futures-related buying was largely responsible for the late gains but turnover remained relatively light, at 855m shares compared with 831m shares on

The Topix index eased 2.77 to 464.83 while, in later trading 2.454.83 while, in later trading in London, the ISE/Nikkei 50 index gained 2.69 to 1.980.47.

The dollar eased yesterday after rising past the Y130 level on Monday for the first time since October 12 last year, but including from the first time since October 12 last year, but including from the first time still democrated. inflation fears still dampened

demand in the market. in financial stocks, electricals communications and retail issnes. Gains were led by steels, transport and foods. The most active stock was

Sato Kogyo, the construction group, which found Y40 to Y1,340 on turnover of 26.1m shares, followed by Osaka Gas, which eased Y6 to Y930, with 22.4m shares traded. Nippon Seiko, a ball bearings maker was the third busiest stock adding Y25 to Y1,010.

Financials fell partly on uncertainty over currency and interest rate levels, but also on news that the Finance Ministry and bankers are likaly to change accounting standards to eliminate artificial boosting of banks' operating profits at their book closures. The drop in bank shares prompted a sell-off in other financials, bro kers said.

A working group of the Federation of Japan Bankers' Associations is drafting new accounting standards, which the ministry and the banking industry will use as a basis for cial said. The draft would include separation of profits The all-share index dropped from special money trusts,

DOLLAR INDEX

LOW

96.90 87.50 106.71 108.87 113.75 108.12 75.24 68.77 148.70 115.52 124.01 97.64 70.24 101.61 102.58 125.12 135.24 105.45 17.63 129.80

99.40

144.33 126.38 104.63 80.56 91.75 125.77 116.28

117.42 102.52

known as tokkin, and of profits on sales of stocks in banks' portfolio accounts from their operating profits.

"Japanese banks, especially small ones, are very unprofita-

ble and if it wasn't for tokkin their results would be had," said Mr Robert Zieliuski at Jardine Fleming Securities. Such a change in accounting proce-dures would take away part of the rationale for banks to use tokkin. "If there is less tokkin investment, there is less money into the stock market."

However, analysts' views were mixed concerning the market impact. One said: "For the market overall, supply/demand would not be that affected but tokkin are active traders, so heavily capitalised, highly liquid shares may suffer." Financial institutions about half of them banks, held about 60 to 65 per cent of the total tokkin funds.

The Long-Term Credit Bank of Japan fell Y600 to Y20,900. Mitsubishi Bank Y100 to Y3,460 and Sumitomo Bank Y60 to

In Osaka, the OSE index dropped 36 points from Mon-day's record to 29,988.

Roundup

MOST Asia Pacific markets were still in the ascendant yeswere still in the ascendant year terday, although gains were curbed by profit taking. HONG KONG attracted unabated bnying interest

which was strong enough to counteract a hefty dose of profit-taking and push the Hang Seng index to its third consecutive post-crash high. The index: recovered from a 20-point fall in the morning to close 36.41 higher at 3,072.86. Volume remained vary

strong, with HK\$2.39bn worth

of shares traded, but was lower than Monday's HK\$2.93bn. Buyers from Talwan focused on stocks such as Hutchison, up 50 cents at HK\$10.60, and Cheung Kong, 30 cents better at HK\$10.20.

AUSTRALIA reopened after Monday's national holiday with a weak start after news of the 2.1 per cent rise in the-consumer price index in the final

quarter. Buying picked up by mid-morning, focusing on blue chip industrials, and the Ali-Ordinaries index added 9.1 to 1,551.7 in turnover of 188m shares worth A\$294m. Banks were in demand, with

ANZ up 10 cents at A\$5.56 and Westpac np 14 cents at A\$5.70. SINGAPORE recovered early losses on political develop-ments in Malaysia which investors saw as positive. The Straits Times industrial index ended just 1.49 easier at 1,133.32 on news that Mr Musa

Hitam, the former Malaysian deputy prime minister, had rejoined the ruling Malay party. Volume was good at 6im shares but down on Monday's

Genting shed 50 cents to \$\$5.80 as more than 950,000 shares changed hands amid disappointment over its planned rationalisation of its resort-related business.

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**NEW ZEALAND shares were** boosted by a fall in short term interest rates and a decline in the local dollar against the Australian dollar, which offered arbitrage opportunities and helped companies that export to, or have investments in, Australia. The Barclays index rose 25.18 to 1,993.93. TAIWAN saw the weighted index rise through 6,000, with a

190.21 gain to 6,157.12, on the provincial assembly's approval of capital increases proposed by three commercial banks.

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